Notice of Annual Meeting of Shareholders

April 10, 2018

Management Proxy Circular

YOUR VOTE IS IMPORTANT!
Please read this management proxy circular for details

LAURENTIAN BANK

Notice of Annual Meeting of Shareholders

Notice is hereby given that the annual meeting of the holders of common shares ("shareholders") of Laurentian Bank of Canada (the "Bank") will be held at the Centre Mont-Royal, Rooms Cartier I and II, located at 2200 Mansfield Street, Montreal, Quebec, H3A 3R8, on Tuesday, April 10, 2018, at 9:30 a.m. (Eastern Time) for the following purposes:

1) to receive the consolidated financial statements of the Bank for the year ended October 31, 2017 and the auditor's report thereon;

2) to elect its directors;

3) to appoint the auditor;

4) to consider and, if deemed fit, adopt a resolution, on an advisory basis, regarding the approach to named executive officers' compensation disclosed in the attached Management Proxy Circular;

5) to consider, and if deemed fit, adopt the shareholders' proposals (the text of which are set out in Schedule A of the attached Management Proxy Circular); and

6) to consider such other business as may be properly brought before the meeting.

As at February 16, 2018, the number of eligible votes that may be cast in respect of each separate vote to be held at the meeting is 41,720,706.

Proxies to be used at the meeting must be received by the Bank's transfer agent, Computershare Investor Services Inc., Stock Transfer Services, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, prior to 5 p.m. (Eastern Time) on April 6, 2018.

By order of the Board of Directors,

Christian Marcoux
Secretary

Montreal, Quebec, February 27, 2018

If you are a registered shareholder of the Bank and do not expect to be present in person at the meeting, please complete, date, sign, and return the enclosed form of proxy in the accompanying postage prepaid envelope or send it by facsimile TOLL FREE from Canada or the United States at 1-866-249-7775, and from any other country at (416) 263-9524. Your shares will be voted in accordance with your instructions as indicated on the form of proxy.

Dear Shareholders,

On April 10, 2018, you are invited to attend the annual meeting of shareholders of Laurentian Bank of Canada, to be held at the Centre Mont-Royal in Montreal, Quebec. It is a unique opportunity for you to meet members of the Board of Directors and management and obtain valuable information about your Bank as well as to share your views and ideas on important issues.

We encourage you to read this management proxy circular which contains important information regarding the business of the meeting, executive compensation, corporate governance and how to exercise your vote.

Transformation Plan and Performance

Founded in 1846, in existence for more than 170 years, the Bank is currently in the process of reinventing itself. Two years within its seven-year transformation plan (the "Transformation Plan"), the Bank is already making strides on its objectives. The Bank is building a solid foundation that supports its mission, is investing in profitable growth and is improving its performance. For the year ended October 31, 2017, the Bank delivered solid results with a net income totaling $206.5 million, compared with $151.9 million for the fiscal year ended October 31, 2016.

Executive Compensation

One of the core responsibilities of the Board of Directors is to ensure that the Bank's compensation philosophy and practices are in line with the interests of its shareholders and governance best practices. With the support of the Human Resources and Corporate Governance Committee (the "HR Committee"), the Executive Compensation Policy (the "Compensation Policy") is reviewed annually by the Board of Directors. Further to that exercise, a number of adjustments were made this year to the Compensation Policy, which the HR Committee believes will help improve the Bank's alignment with long-term shareholder interests and market best practices. Of particular note is the new obligation for the President and Chief Executive Officer to respect the share ownership guidelines for at least one year after termination or retirement from the Bank, as well as the changes made to the Bank's Retention and Performance Share Units ("RPSUs") program in the event of a change of control, such that the RPSUs are paid out based on actual performance upon a change of control.

In its 2017 management proxy circular, the Bank had announced the adoption of a new special executive incentive program for the senior executive team to support the Bank's Transformation Plan. Given that the Bank has decided to reset its mid-term objectives from 2019 to 2020, the Board of Directors has decided to replace the fiscal 2017-2019 mid-term portion of the special executive incentive program with a new fiscal 2018-2020 mid-term program, with the same targets, to better align with its strategic plan. The short term portion of the program announced last year was awarded at the end of the 2017 year.

Shareholder Engagement and Corporate Governance

The Bank has always been a true advocate of good corporate governance. It has, early on, adopted the advisory vote on executive compensation. It has, since 2013, been presided over by a Chairwoman and currently has 45% of its members which are women. All members of the Board of Directors are independent except for the President and Chief Executive Officer.

In 2017, the Bank decided to expand its line of communication with its shareholders by initiating a formal shareholder engagement program and gained feedback directly from shareholders on the Bank's governance and compensation practices. This year engagement with shareholders provided the Board of Directors with valuable insights and constructive suggestions that could help improve its corporate governance practices.

Further to these meetings, the HR Committee decided to make changes to some governance practices, including executive compensation and proxy circular disclosures, the most noteworthy of which relate to:

- The disclosure of the short-term incentive financial performance target and results;
- Details on the short-term incentive individual performance objectives, weightings and results;
- The compensation peer groups and adjustments made to the market data to reflect the relative size of the Bank compared with other Canadian Banks;
- The disclosure of the long-term incentive performance results ("TSR"); and
- The disclosure of target pay versus realized pay.

Outlook

The Board of Directors is supportive of the Bank's strategic direction and is pleased with the progress made to date in terms of transformation and growth. Regulatory requirements and economic conditions will keep influencing our decisions. We will continue the implementation of our core banking system which will allow us to move forward with reengineering our processes and launching a fully digital banking experience across various sectors of the organization; the benefits of which should be realized in 2019 and 2020. In the meantime, we look forward to continued progress in 2018.

Sincerely,

LAURENTIAN BANK OF CANADA

Isabelle Courville
Chair of the Board of Directors

A. Michel Lavigne
Chair of the Human Resources and Corporate Governance Committee

Important Instructions Regarding Voting and Proxies

FOR NON-REGISTERED* SHAREHOLDERS

Voting in person - If you wish to vote in person at the meeting, please enter your own name in the appropriate space on the voting instruction form that your intermediary sent you and return it to your intermediary prior to 5 p.m. (Easter Time) on April 6, 2018, in accordance with the instructions provided by your intermediary or the Bank's transfer agent. You must present yourself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain your ballot cards. You must have with you the enclosed invitation and personal identification.

Voting through a proxyholder proposed on the voting instruction form - If you do not expect to be present at the meeting and wish to appoint the persons proposed as proxyholders on the voting instruction form that your intermediary sent you to represent you at the meeting, please complete the voting instruction form and return it to your intermediary, in accordance with the instructions provided. Your shares will be voted in accordance with your instructions as indicated on the voting instruction form.

Voting through a proxyholder other than a proxyholder proposed on the voting instruction form - **If you do not expect to be present at the meeting and wish to appoint a person other than the persons proposed as proxyholders on the voting instruction form that your intermediary sent to you to represent you at the meeting**, please enter the name of the desired representative in the appropriate space on the voting instruction form and return it to your intermediary, in accordance with the instructions provided. Your proxyholder must present himself or herself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain his or her ballot cards. Your proxyholder must have with him or her the enclosed invitation and personal identification.

* If your shares are held through a securities broker, clearing agency, financial institution, trustee or custodian, you are considered a **non-registered** shareholder.

Please also refer to the Notice of Annual Meeting of Shareholders and Part A of the Management Proxy Circular which contain further instructions on how to appoint a proxyholder or revoke a proxy. Should you have any questions regarding voting and proxies, you may contact Computershare Investor Services Inc., Stock Transfer Service ("Computershare") by telephone at 1-800-564-6253 or by e-mail at the following address: service@computershare.com.

FOR REGISTERED SHAREHOLDERS

Voting in person - If you wish to vote in person at the meeting, you must present yourself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain your ballot cards. You must have with you the enclosed invitation and personal identification.

Voting through a proxyholder proposed on the enclosed form of proxy - If you do not expect to be present at the meeting and wish to appoint the persons proposed as proxyholders on the enclosed form of proxy to represent you at the meeting, simply complete, date, sign, and return the enclosed form of proxy in the accompanying postage prepaid envelope or transmit it by facsimile TOLL FREE from Canada or the United States at 1-866-249-7775 and from any other country at (416) 263-9524, within the time limits indicated in the Notice of Meeting. Your shares will be voted in accordance with your instructions as indicated on the form of proxy.

Voting through a proxyholder other than a proxyholder proposed on the enclosed form of proxy - **If you do not expect to be present in person at the meeting and wish to appoint a person other than the persons proposed as proxyholders on the enclosed form of proxy to represent you at the meeting**, please enter the name of the desired representative in the blank space provided and complete, date, sign, and return the enclosed form of proxy in the accompanying postage prepaid envelope or transmit it by facsimile TOLL FREE from Canada or the United States at 1-866-249-7775 and from any other country at (416) 263-9524, within the time limits indicated in the Notice of Meeting. Your proxyholder must present himself or herself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain his or her ballot cards. Your proxyholder must have with him or her the enclosed invitation and personal identification.

TABLE OF CONTENTS

Management Proxy Circular

This document contains important information about the meeting, the Board of Directors, executive compensation and corporate governance. You are encouraged to read it in details and exercise your votes.

This Circular of the Bank is as at February 16, 2018 and all dollar amounts are in Canadian dollars, unless stated otherwise.

In this document, references to the Bank's Annual Information Form are references to the Bank's Annual Information Form dated December 5, 2017, and references to the Bank's Annual Report are references to the 2017 Annual Report, both of which are available on the Bank's website and on the SEDAR website at www.sedar.com.

The Bank's financial information is provided in its consolidated financial statements and its management discussion and analysis for its most recently completed fiscal year. Additional information relating to the Bank is available on SEDAR at www.sedar.com and on the Bank's Website. Shareholders may contact the Bank's Secretary in writing at 1981 McGill College Avenue, 20th Floor, Montreal, Quebec, H3A 3K3 to obtain a complimentary copy of the Bank's financial statements and management discussion and analysis, or of any other document available on SEDAR that is mentioned in this Circular. The Bank's head office is located at 1981 McGill College Avenue, Montreal, Quebec, H3A 3K3.

PART A - INFORMATION ON VOTING

PERSONS MAKING THE SOLICITATION

The Circular is provided in connection with the solicitation by the Bank's management of proxies to be used at the Bank's Annual Meeting of Shareholders, which will be held at the date, time and place and for the purposes set forth in the accompanying Notice of Meeting (the "Meeting"), and at any adjournment thereof. Solicitation of proxies is made primarily by mail, as well as by telephone or other personal contact by employees. The Bank also retained D.F. King Canada, a division of AST Investor Services Inc. (Canada), to assist in soliciting proxies at a cost of approximately $25,000, plus out-of-pocket expenses. All solicitation costs will be borne by the Bank, and the Bank intends to pay for an intermediary to deliver the proxy-related materials to objecting beneficial owners (within the meaning attributed to such term in securities regulations).

PROXY INSTRUCTIONS

The persons proposed as proxyholders on the attached form of proxy are directors of the Bank. Subject to the restrictions mentioned hereinafter under the heading "Voting Securities and Principal Holders of Voting Securities", **a registered shareholder who wishes to appoint another person to represent him or her at the Meeting may do so by entering the name of the desired representative in the blank space provided.** A proxyholder is not required to be a Bank shareholder to act as a proxyholder.

The instrument appointing a proxyholder must be in writing and must be signed by the shareholder or by an attorney authorized in writing.

All valid proxies received by the Bank through Computershare at the address set forth in the accompanying Notice of Meeting prior to the close of business on April 6, 2018 will be used for the purposes of voting at the Meeting or any adjournment thereof, in accordance with the terms of the proxy or instructions of the shareholder as specified thereon. Notwithstanding the foregoing, the Chair of the Meeting has the sole discretion to accept proxies received after such deadline but is under no obligation to do so.

When duly signed, the enclosed form of proxy confers **discretionary authority on the persons named as proxyholders therein with respect to any matter on which no choice is specified, any amendment or variation to matters stated in the Notice of Meeting, and any other matter which may properly come before the Meeting**.

In the exercise of their discretionary authority, the proxyholders proposed on the enclosed form of proxy intend to vote:

FOR:
- **the election of directors;**
- **the appointment of the auditor;**
- **the adoption of a resolution, on an advisory basis, regarding the approach to named executive officers' compensation disclosed in this Circular; and**

AGAINST:

- **the shareholders' proposals.**

The directors and officers of the Bank are not aware of any matter other than those stated in the Notice of Meeting or Circular which might be submitted at the Meeting.

REVOCABILITY OF PROXY

A shareholder who has given a proxy may revoke it in person or through an attorney authorized in writing by signing a written instrument and depositing such instrument with the Secretary of the Bank at 1981 McGill College Avenue, 20th Floor, Montreal, Quebec, H3A 3K3, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chair of the Meeting on the day of the Meeting, or any adjournment thereof, prior to the commencement of the Meeting, or in any other manner permitted by law.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On February 16, 2018, 41,720,706 common shares of the Bank were outstanding.

Each common share entitles the registered holder thereof to one vote on each ballot taken at any general meeting of the Bank's shareholders.

The common shareholders of the Bank may either vote for or withhold from voting regarding the election of directors and the appointment of the auditor. They may either vote for, vote against or withhold from voting on any other matter that may be properly brought before the Meeting.

Only holders of common shares registered in the Bank's registrar at the close of business on February 22, 2018, or their duly appointed proxyholders, will be entitled to attend and vote at the Meeting.

To the knowledge of the Bank's directors and officers, no shareholder directly or indirectly beneficially owns or exercises control or direction over Bank shares carrying more than 10% of the votes attached to any class of shares entitled to vote in connection with any matters being proposed for consideration at the Meeting.

The *Bank Act* (Canada) contains provisions which, under certain circumstances, restrict the exercise in person or by proxy of voting rights attached to the Bank's common shares.

Unless otherwise noted, a simple majority (more than 50%) of the votes cast at the Meeting, in person or by proxy, will decide any matter submitted to a vote.

The votes may be cast in person or by proxy.

PART B – BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The Bank's consolidated financial statements for the fiscal year ended October 31, 2017 and the auditor's report thereon are included in the 2017 Annual Report mailed to shareholders on January 12, 2018. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), including the accounting requirements specified by the Office of the Superintendent of Financial Institutions (Canada).

ELECTION OF DIRECTORS

The number of directors to be elected by the shareholders has been fixed at 11. The holders of common shares will elect 11 directors to hold office until the close of the next annual meeting of shareholders, or until the election or appointment of their successors.

The Board of Directors adopted a majority voting policy in 2008, which applies to all uncontested elections, under which a nominee for election as director who does not receive the required minimum number of votes (50% +1) at the annual meeting of shareholders is deemed not to have received the support of shareholders (even though he/she was elected in accordance with the Bank's General By-Laws) and, therefore, will be required to immediately tender his/her resignation. His/her resignation will be effective as soon as the Board of Directors accepts it. Within 90 days of the shareholders' meeting, the Board of Directors must examine the resignation submitted at a meeting in which the director in question will not participate and promptly announce, through a news release that shall be transmitted to the Toronto Stock Exchange (TSX), the resignation of the director or the reasons for not accepting the resignation. A resignation would only be refused under exceptional circumstances.

The director nominees are presented in Part C - Director Nominees of this Circular.

APPOINTMENT OF THE AUDITOR

Based on the Bank's audit committee (the "Audit Committee") annual assessment of the external auditor, which included audit quality considerations (e.g. auditor independence, objectivity, and professional skepticism; quality of the engagement team; and Canadian Public Accounting Board (CPAB) inspection findings, the Board of Directors recommends that Ernst & Young be reappointed by the shareholders as the Bank's auditor for the ensuing 2018 fiscal year.

Ernst & Young has been the external auditor of the Bank for the past 23 years. It is subject to all applicable laws and regulations, including the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*, which all provide clear guidance concerning independence. A number of initiatives have been implemented in recent years that strengthen auditor independence without damaging audit quality and which include:

1. Audit Partner Rotation: The rotation of audit partners removes the risk of over familiarity and self-interest, and promotes objectivity. In compliance with these rules, the lead engagement and concurring partners are subject to a seven-year rotation requirement, followed by a five-year period of absence from the consolidated audit. Engagement time for the lead partner and concurring partners includes time previously served in these roles. A new lead engagement partner was last appointed in March 2016.
2. Oversight from Regulators (CPAB): Heightened oversight by the regulators has resulted in increased audit quality. Inspection results are taken into account in the Audit Committee's assessment of the auditors.
3. Annual and comprehensive assessment of the auditors by the Audit Committee.

The Board of Directors is of the opinion that changing its external auditor at this time may lead to the following negative results, which are not warranted when the Bank is in the middle of its Transformation Plan: (i) lower audit quality; (ii) loss of the knowledge and expertise specific to the Bank's business, which eliminate efficiencies developed over time; (iii) additional costs associated with the selection of a new auditor; and (iv) increased costs, and disruption to the organization, due to the time and expense required to train the new auditor on the Bank's operations, systems, business practices and future plans.

The Board of Directors and the Audit Committee believe that the current process to monitor the auditor's independence is sufficiently robust. Consequently, the external auditor's independence will continue to be monitored through the following tools:

- Review of the annual audit plan;
- Assessment of the reasonableness of the audit fee and pre-approval of all engagements of the auditor;
- Review of the audit findings;
- Meeting with the external auditor without Management being present;
- Reception of a letter from Ernst & Young confirming their relationships with the Bank and their independence; and

- Annual internal assessment of the external auditor, as well as a comprehensive assessment every five (5) years.

The auditor is to be appointed by vote of common shareholders of the Bank at the Meeting to serve as auditor until the close of the Bank's next annual meeting of shareholders.

Auditor's Fees

The following table presents by category the fees billed by the external auditor Ernst & Young LLP for the fiscal years ended October 31, 2017 and 2016.

Fee category	2017($)	2016 ($)
Audit fees (Note 1)	2,722,000	2,232,000
Fees for audit-related services (Note 2)	508,000	567,000
Fees for tax services (Note 3)	265,000	13,000
Other fees (Note 4)	82,000	0
Total	3,577,000	2,812,000

Note 1: "*Audit fees*" include all fees of Ernst & Young LLP for the audit of the annual consolidated financial statements, examination of the interim financial statements as well as the statutory audits and submissions related to prospectus and other offering documents as well as related to consultation regarding accounting standards and financial disclosure. The increase in fees in 2017 is attributable to audit work pertaining to the acquisition of a business.

Note 2: "*Fees for audit-related services*" include all fees of Ernst & Young LLP for certification services and other related services traditionally carried out by the independent auditor, which are mainly services related to the production of reports concerning the effectiveness of internal controls for contractual or commercial purposes, other attest services of various trusts and other entities required in the context of securitization.

Note 3: "*Fees for tax services*" include all fees of Ernst & Young LLP for tax-related advice other than the time devoted to the review of fiscal impacts as part of the audit and examination of the financial statements. The increase in fees in 2017 is attributable to tax advice regarding US regulations.

Note 4: "*Other fees*" include all fees of Ernst & Young LLP for all services other than those mentioned above.

During the 2017 fiscal year, the Audit Committee reviewed the Bank's policy regarding the pre-approval of services that may be rendered by the Bank's external auditor. This policy is presented in Section 12 of the Bank's Annual Information Form.

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

Shareholders will be asked to vote again this year on a resolution concerning the Bank's approach to named executive officers' compensation. This resolution is on an advisory basis only and does not bind the Bank's Board of Directors. The Board of Directors will take the results of the vote into account during its deliberations on further modifications to policies, procedures or decisions concerning the compensation of named executive officers. As part of its shareholder engagement yearly exercise, the Board of Directors collects and, whenever possible and necessary addresses, concerns shareholders may have on executive compensation. At the 2017 annual general meeting of the Bank, shareholders supported at 93.68% the approach of the Bank to named executive officer compensation.

The Board of Directors recommends that shareholders approve the following advisory resolution:

> "**IT WAS RESOLVED**, in an advisory capacity and without limiting the role and responsibility of the Board of Directors, that shareholders accept the approach to named executive officer compensation disclosed in the Bank's Management Proxy Circular for the 2018 annual meeting."

The result of the vote on this resolution will be announced at the end of the Meeting at the same time as the voting results on all other items on the Meeting agenda.

SHAREHOLDERS' PROPOSALS

The Bank received four (4) proposals from the Mouvement d'éducation et de défense des actionnaires (MÉDAC), a Bank's shareholder whose offices are located at 82 Sherbrooke Street West, Montreal, Quebec, H2X 1X3.

The text of these proposals and the Board's recommendations are included in Schedule A of this Circular. If the proposals are brought before the Meeting, the proxyholders proposed on the attached form of proxy intend to vote **AGAINST** the proposals, unless other instructions are indicated on the forms of proxy.

Shareholders wishing to have a proposal included in the Bank's next management proxy circular must send the text of such proposal to the Secretary of the Bank not later than October 29, 2018.

PART C – DIRECTOR NOMINEES

At the Bank's 2017 annual meeting of shareholders, 11 directors were elected. On October 31, 2017, Mr. David Morris was appointed to the Board of Directors and is a nominee for election at the upcoming meeting. Mr. Richard Bélanger has decided not to stand for reelection after fifteen years of valuable services to the Bank. The Board of Directors would like to thank him for his years of dedicated service on the Board.

The number of directors to be elected at the 2018 annual meeting of shareholders is 11.

- 45% of nominees for election are women.
- The average tenure of directors standing for election at the 2018 meeting is 5.1 years.
- Except for the President and Chief Executive Officer, all directors are independent.

It is the intention of the persons proposed as proxyholders on the enclosed form of proxy to vote **FOR** the election of the proposed nominees named herein, unless specifically instructed on the form of proxy to withhold such vote on such question with respect to one, several or all of the nominees. All nominees have formally established their qualification, eligibility and willingness to serve on the Bank's Board of Directors.

Lise Bastarache

Age: 54

Candiac, Quebec, Canada

Director since
March 7, 2006

Independent

2017 Annual Meeting
Votes in favour: 99.38%

Major fields of expertise:
- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial and Banking Services
- Financial Markets / Treasury

Summary of professional experience

Lise Bastarache is an economist and a corporate director.

Ms. Bastarache holds a master's degree and has pursued doctoral studies in Economics. From 2001 to 2005, she was Quebec Regional Vice-President, Private Banking at RBC Financial Group. From 2004 to 2007, Ms. Bastarache sat on NB Power's Board of Directors. She was also a member of the Board of Governors of the Université de Moncton and Chair of its Finance Committee from 2004 to 2013.

Reporting Issuer during the last five years		Current Role on Boards and Committees
The Jean Coutu Group (PJC) Inc.	(2003 to date)	Member of the Audit Committee Member of the Governance and Nominating Committee Member of the Human Resources and Compensation Committee
Chartwell Retirement Residences	(2005 to date)	Member of the Audit Committee Member of the Investment Committee

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	11 out of 12 (91.66%)	19 out of 21 (90.48%)
Audit Committee	8 out of 9 (88.88%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	4,132	4,635	8,767	51.87	454,744	5,380	163%	Yes
Jan 17, 2017	4,132	4,131	8,263	58.30	481,733	5,380	154%	Yes

Value of total compensation received during the 2017 fiscal year

$103,700

Sonia Baxendale

Age: 55

Toronto, Ontario, Canada

Director since
August 31, 2016

Independent

2017 Annual Meeting
Votes in favour: 99.88%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Technology / Real Estate / Project Management
- Financial and Banking Services

Summary of professional experience

Sonia Baxendale is a corporate director.

Ms. Baxendale holds a B.A. degree from the University of Toronto and, in 2014, received the ICD.D Director designation from the Institute of Corporate Directors. Ms. Baxendale was President, CIBC Retail Banking and Wealth Management and Senior Executive Vice-President, from 2005 to 2011. From 1992 to 2005, Ms. Baxendale held various leadership roles at CIBC, including Senior Executive Vice-President, CIBC Wealth Management, Executive Vice-President, Asset Management, Card Products and Collections, Executive Vice-President, Global Private Banking & Investment Management Services and Managing Director, CIBC Wood Gundy. Prior to her executive positions with CIBC, Ms. Baxendale held increasingly senior positions with Amex Bank of Canada and Saatchi & Saatchi Compton Hayhurst. Ms. Baxendale is a member of the Board of Directors and Chair of the Human Capital and Governance Committee and member of the Risk Committee of Foresters Insurance. She is also a member of the Board of Directors and Chair of the Audit and Finance Committee of both The Hospital for Sick Kids Foundation and The Toronto French School.

Reporting Issuer during the last five years		Current Role on Boards and Committees
CI Financial Corp.	(2013 to date)	Chair of the Human Resources and Compensation Committee

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	12 out of 12 (100%)	21 out of 21 (100%)
Audit Committee	9 out of 9 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	0	2,281	2,281	51.87	118,315	5,797	39%	Recently appointed
Jan 17, 2017	0	733	733	58.30	42,734	5,797	13%	Recently appointed

Value of total compensation received during the 2017 fiscal year

$103,700

Michael T. Boychuk, FCPA, FCA

Age: 62

Baie d'Urfé, Quebec, Canada

Director since
August 30, 2013

Independent

2017 Annual Meeting
Votes in favour: 96.56%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Financial and Banking Services
- Financial Markets / Treasury

Summary of professional experience

Michael T. Boychuk is a corporate director.

A chartered professional accountant since 1979, Mr. Boychuk became a Fellow of the *Ordre des comptables professionnels agréés du Québec* in 2012. From July 2009 until his retirement in June 2015, he was President of Bimcor Inc., the pension fund investment manager for the BCE Inc./Bell Canada group of companies. From 1999 to 2009, he was Senior Vice-President and Treasurer of BCE Inc./Bell Canada, responsible for all treasury, corporate security as well as environment and sustainability activities, and for the BCE Group of companies' pension plans. Mr. Boychuk is a member of the Board of Governors and Chair of McGill University's Audit Committee. He also serves on the International Advisory Committee of McGill University's Faculty of Management. Mr. Boychuk is a member of the Board of Directors of The Cadillac Fairview Corporation Limited. He is an Advisory Board Member of Fengate Capital Management and also sits on the Investment Committee of the J.W. McConnell Family Foundation and the Nunavut Trust.

Reporting Issuer during the last five years		Current Role on Boards and Committees
Telesat Canada (U.S. S.E.C.)	(July 2015 to date)	Member of the Audit Committee
GDI Integrated Facility Services Inc.	(May 2015 to date)	Chair of the Audit Committee

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	11 out of 12 (91.66%)	25 out of 26 (96.15%)
Audit Committee (Chair)	9 out of 9 (100%)	
Risk Management Committee	5 out of 5 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	1,225	5,923	7,119	51.87	369,263	5,380	132%	Yes
Jan 17, 2017	1,225	5,085	6,310	58.30	367,873	5,380	117%	Yes

Value of total compensation received during the 2017 fiscal year

$136,417

Gordon Campbell	Summary of professional experience

Gordon Campbell is a corporate director.

Mr. Campbell holds a B.A. in English and Urban Studies and a Masters of Business Administration. Mr. Campbell was Canada's High Commissioner to the United Kingdom and Northern Ireland from September 2011 to September 2016. Prior to that appointment, he was Premier of the Province of British Columbia for almost 10 years. He also served as leader of the Opposition in British Columbia from 1994 to 2001. Prior to that, Mr. Campbell was the Mayor of Vancouver for 7 years and the Chairperson of the Greater Vancouver Regional District (now called Metro Vancouver) from 1990 to 1993. Before his election as Mayor, he ran his own development company, Citycore Development Corporation. He was also General Manager of Development for Marathon British Columbia where he worked from 1976 to 1981. Mr. Campbell sits on the Board of Directors of Brit Insurance Holding B.V. as an independent director and on the Board of Directors of Grosvenor America as a non-executive Director and Chair of the Human Resources Committee and member of the Audit Committee.

Age: 70

Ottawa, Ontario, Canada

Director since
December 6, 2016

Independent

2017 Annual Meeting
Votes in favour: 99.84%

Major fields of expertise:
- Financial Expertise
- Corporate Governance / Public Policy
- Risk Management
- Corporate Social Responsibility and Sustainability
- Technology / Real Estate / Project Management

Reporting Issuer during the last five years		Current Role on Boards and Committees
Leagold Mining Corporation	(2017 to date)	Member of the Audit Committee Member of the Safety, Health and Environment Committee

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	12 out of 12 (100%)	19 out of 19 (100%)
Audit Committee	8 out of 8 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	1,147	1,020	2,167	51.87	112,402	5,176	42%	Recently appointed
Jan 17, 2017	606	117	723	58.30	42,151	5,176	14%	Recently appointed

Value of total compensation received during the 2017 fiscal year

$93,936

Isabelle Courville	Summary of professional experience

Isabelle Courville is a corporate director.

Ms. Courville holds a Bachelor's degree in Engineering Physics from the École Polytechnique de Montréal and a Bachelor's degree in Civil Law from McGill University. From 2007 to 2013, she was successively President of Hydro-Québec Distribution and Hydro-Québec TransÉnergie. Previously, Ms. Courville was active for 20 years in the Canadian telecommunications industry where she served as President of Bell Canada's Enterprise Group and as President and Chief Executive Officer of Bell Nordiq Group. She sits on the Board of Directors of the Institute of Corporate Directors (ICD) and the Board of Directors of the Institute for Governance of private and public organizations (IGOPP).

Age: 55

Rosemère, Quebec, Canada

Director since
March 6, 2007

Independent

2017 Annual Meeting
Votes in favour: 94.62%

Major fields of expertise:
- Financial Expertise
- Corporate Social Responsibility and Sustainability
- Human Resources / Compensation
- Technology / Real Estate / Project Management
- Legal and Regulatory Affairs

Reporting Issuer during the last five years		Current Role on Boards and Committees
Canadian Pacific Railway Limited	(2013 to date)	Chair of the Management Resources and Compensation Committee Member of the Corporate Governance and Nominating Committee
Veolia Environnement	(2015 to date)	Member of the Audit Committee
SNC- Lavalin	(2017 to date)	Member of the Governance and Ethics Committee
TVA Group Inc.	(2013 to 2016)	
Gecina	(2016 to April 2018)	

Member of board/committees	Attendance	Attendance (Total)
Board of Directors (Chair)	12 out of 12 (100%)	18 out of 18 (100%)
Human Resources and Corporate Governance Committee	6 out of 6 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	7,896	8,183	16,079	51.87	834,018	5,380	299%	Yes
Jan 17, 2017	7,896	7,565	15,461	58.30	901,376	5,380	287%	Yes

Value of total compensation received during the 2017 fiscal year

$236,200

François Desjardins	Summary of professional experience

François Desjardins is President and Chief Executive Officer of the Bank.

Member of the Executive Committee since 2007 and with the Bank since 1991, Mr. Desjardins holds a Bachelor's degree in Business Administration. He has held several positions with Retail Services and B2B Bank throughout his career. As President and Chief Executive Officer of B2B Bank, Mr. Desjardins was responsible for financial services offered through independent financial advisors and mortgage brokers throughout Canada. As Executive Vice-President, Retail Services, he was responsible for the Retail Services sector. He was named Chief Operating Officer of the Bank on February 28, 2015 and became President and Chief Executive Officer on November 1, 2015.

Age: 47

Toronto, Ontario, Canada

Director since November 1, 2015

Non-independent (Member of Management)

2017 Annual Meeting Votes in favour: 99.34%

Major fields of expertise:
- Corporate Governance / Public Policy
- Risk Management
- Human Resources / Compensation
- Technology / Real Estate / Project Management
- Financial and Banking Services

Reporting Issuer during the last five years	Current Role on Boards and Committees
None	

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	12 out of 12 (100%)	12 out of 12 (100%)

Securities held

Mr. Desjardins is not eligible for Deferred Stock Units. The minimum share ownership requirements for Mr. Desjardins are those that apply to executive officers of the Bank, as is more fully described in the "Minimum Share Ownership Requirements" section of this Circular.

Value of total compensation received during the 2017 fiscal year

Mr. Desjardins does not receive any compensation as a director.

Michel Labonté	Summary of professional experience

Michel Labonté is a corporate director.

Mr. Labonté was involved for over 13 years with National Bank of Canada, including as Senior Vice-President, Finance and Control (1993-2002). In 2002, he was appointed Senior Vice-President, Finance and Technology and named to the Executive Committee. In 2003, he was promoted to Senior Vice-President, Finance, Technology and Corporate Affairs, a position he held until 2005. From 2005 to his retirement in 2006, Mr. Labonté served as an executive advisor, and from March 2007 until November 2008, he acted as a financial consultant. Mr. Labonté holds the ICD.D designation of the Institute of Corporate Directors. He serves on the Board of Otéra Capital, a subsidiary of the Caisse de dépôt et placement du Québec, chairs its Audit Committee and is a member of its Risk Management Committee.

Age: 72

Montreal, Quebec, Canada

Director since March 10, 2009

Independent

2017 Annual Meeting Votes in favour: 99.41%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Technology / Real Estate / Project Management
- Financial and Banking Services

Reporting Issuer during the last five years		Current Role on Boards and Committees
Metro Inc.	(2006 to 2018)	
Manac Inc.	(2013 to 2015)	

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	12 out of 12 (100%)	23 out of 23 (100%)
Risk Management Committee (Chair)	5 out of 5 (100%)	
Human Resources and Corporate Governance Committee	6 out of 6 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	681	8,997	9,678	51.87	501,998	5,380	180%	Yes
Jan 17, 2017	681	7,842	8,523	58.30	496,891	5,380	158%	Yes

Value of total compensation received during the 2017 fiscal year

$131,200

A. Michel Lavigne, FCPA, FCA

Age: 67

Laval, Quebec, Canada

Director since
March 19, 2013

Independent

2017 Annual Meeting
Votes in favour: 99.76%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial and Banking Services

Summary of professional experience

A. Michel Lavigne is a corporate director.

Fellow of the *Ordre des comptables professionnels agréés du Québec* and member of the Canadian Institute of Chartered Accountants, Mr. Lavigne was partner from 1986 to 2005 at Raymond Chabot Grant Thornton, of which he was President and Chief Executive Officer from 2001 to 2005. Mr. Lavigne sits on the Board of Directors of Canada Post Corporation and he is Chair of the Pension Committee and a member of the Audit Committee. He served on the following Boards of Directors: Quebecor Media Inc. (was member of the Audit Committee and Chair of the Compensation Committee), and Videotron Ltd (was member of the Audit Committee). Mr. Lavigne also served on the Board of Directors and was a member of the Audit Committee of the Caisse de dépôt et placement du Québec from 2005 to 2013 and Chair of said committee from 2009 to 2013; he was also a member of the Caisse's Risk Management Committee from 2009 to 2013.

Reporting Issuer during the last five years		Current Role on Boards and Committees
TVA Group Inc.	(2005 to date)	Member of the Audit Committee Member of the Compensation Committee
Quebecor Inc.	(2013 to 2016)	
Primary Energy Recycling Corporation	(2005 to 2014)	

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	12 out of 12 (100%)	25 out of 25 (100%)
Audit Committee	5 out of 5 (100%)	
Risk Management Committee	2 out of 2 (100%)	
Human Resources and Corporate Governance Committee (Chair)	6 out of 6 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	5,000	2,133	7,133	51.87	369,989	5,380	133%	Yes
Jan 17, 2017	5,000	1,421	6,421	58.30	374,344	5,380	119%	Yes

Value of total compensation received during the 2017 fiscal year

$124,627

David Morris, CPA, Auditor, CA

Age: 63

Beaconsfield, Quebec, Canada

Director since
October 31, 2017

Independent

2017 Annual Meeting
Votes in favour: N/A

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Financial and Banking Services
- Financial Markets / Treasury

Summary of professional experience

David Morris is a corporate director.

Chartered professional accountant since 1975. Mr. Morris is a member of the Canadian Institute of Chartered Accountants. Mr. Morris recently retired as a senior audit partner at Deloitte LLP after serving over 41 years with the firm. He graduated from McGill University. Mr. Morris was an audit partner serving large global financial institutions in the Banking and Insurance industries. Since 2016, he sits on the Board of Directors of ECN Capital Corp. and chairs it Audit Committee.

Reporting Issuer during the last five years		Current Role on Boards and Committees
ECN Capital Corp.	(2016 to date)	Chair of the Audit Committee

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	1 out of 1 (100%)	1 out of 1 (100%)
Audit Committee	—	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	100	0	100	51.87	5,187	4,750	2%	Recently appointed

Value of total compensation received during the 2017 fiscal year

N/A (Note 2)

Michelle R. Savoy

Age: 58
Toronto, Ontario, Canada

Director since
March 20, 2012

Independent

2017 Annual Meeting
Votes in favour: 98.21%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial and Banking Services

Summary of professional experience

Michelle R. Savoy is a corporate director.

Ms. Savoy is the former President of Capital Guardian Canada, a subsidiary of The Capital Group of Companies, a global investment management organization. During her 27 year career in financial services, Ms. Savoy held numerous senior global executive roles in the investment management and capital markets industries with responsibilities in strategic planning, marketing, recruiting, client relationship management, business development and information technology. She currently serves as Director of Nav Canada (Chair of the Pension committee and member of the Governance committee), and a director of Ontario Public Service Pension Board (member of the audit and investment committees). Since October 2017, Ms. Savoy is a member of the Investment Committee of the Toronto General & Western Hospital Foundation. Ms. Savoy holds a Bachelor of Business Administration from University of Ottawa and received the ICD.D Director designation from the Institute of Corporate Directors, including completion of the Director's Education Program at the Rotman Business School of the University of Toronto.

Reporting Issuer during the last five years		Current Role on Boards and Committees
Pizza Pizza Royalty Corporation	(Nov. 2015 to date)	—

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	11 out of 12 (91.66%)	17 out of 18 (94.44%)
Risk Management Committee	3 out of 3 (100%)	
Human Resources and Corporate Governance Committee	3 out of 3 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	4,844	5,117	9,961	51.87	516,677	5,380	185%	Yes
Jan 17, 2017	4,616	4,148	8,764	58.30	510,941	5,380	163%	Yes

Value of total compensation received during the 2017 fiscal year

$110,273

Susan Wolburgh Jenah

Age: 62

Toronto, Ontario, Canada

Director since
December 9, 2014

Independent

2017 Annual Meeting
Votes in favour: 99.84%

Major fields of expertise:
- Corporate Governance / Public Policy
- Risk Management
- Human Resources / Compensation
- Legal and Regulatory Affairs
- Financial Markets / Treasury

Summary of professional experience

Susan Wolburgh Jenah is a corporate director and lawyer by training.

She brings over 30 years of domestic and international regulatory experience and capital markets and financial services industry knowledge. She was recognized with the Osgoode Hall Alumni Award for Achievement in 2011 and received her ICD.D designation from the Institute of Corporate Directors in 2004. Until October 2014, Ms. Wolburgh Jenah served as the inaugural President and CEO of the Investment Industry Regulatory Organization of Canada (IIROC), the national self-regulatory body that regulates all investment dealers and oversees trading on the Canadian debt and equity markets. She joined the Investment Dealers Association (IDA) in early 2007 as President and CEO and successfully merged the IDA and Market Regulation Services Inc. to create IIROC in 2008. Prior to this, she had an accomplished career with the Ontario Securities Commission from 1983 to 2007. Ms. Wolburgh Jenah is a member of the Board of Governors and Regulatory Policy Committee of the U.S. Financial Industry Regulatory Authority (FINRA) and Chair of its Regulatory Operations Oversight Committee; Chair of the Board, Chair of the Nomination and Governance Committee and member of the Regulatory Oversight Committee of Aequitas Neo Exchange and member of the Aequitas Innovations parent company Board; and member of the Independent Review Committee of Vanguard Investments Canada Inc. Ms. Wolburgh Jenah serves on the Humber River Hospital Board.

Reporting Issuer during the last five years		Current Role on Boards and Committees
Aecon Group Inc.	(2016 to date)	Member of the Audit Committee Member of the Corporate Governance, Nominating and Compensation Committee

Member of board/committees	Attendance	Attendance (Total)
Board of Directors	12 out of 12 (100%)	17 out of 17 (100%)
Risk Management Committee	5 out of 5 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 16, 2018	1,174	4,241	5,415	51.87	280,876	5,380	101%	Yes
Jan 17, 2017	1,174	2,630	3,804	58.30	221,773	5,380	71%	No

Value of total compensation received during the 2017 fiscal year

$103,700

Note 1: New rules on share ownership were adopted on May 1, 2016. Each director must hold at least three times his fixed salary in common shares and/or Deferred Share Units. The minimum holding is based on the closing price of the common shares of the Bank on the Toronto Stock Exchange as at October 31, 2015, except for Ms. Baxendale , Mr. Campbell and Mr. Morris whose minimum holdings are based on the closing price of the common shares of the Bank on said Exchange as at the dates they were appointed, i.e. August 31, 2016, December 6, 2016 and October 31, 2017, respectively.

Note 2: Mr. Morris was appointed on October 31, 2017 and did not receive any compensation in fiscal year 2017.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Based on information provided by Mr. Michael T. Boychuk, he was a director of Yellow Media Inc. when the corporation announced a recapitalization on July 23, 2012. The recapitalization became effective on December 20, 2012 and was implemented in accordance with a court approved plan of arrangement under the *Canada Business Corporations Act*.

Based on information provided by Ms. Michelle R. Savoy, she was a director of 2172079 Ontario Inc., a private company operating a franchise restaurant, when the company initiated creditor protection proceedings under section 49 of the *Bankruptcy and Insolvency Act* (Canada) on December 3, 2013.

Based on information provided by Mr. A. Michel Lavigne, he was fined $20,000 by the Financial Markets Administrative Tribunal, which found that the directors of NSTEIN Technologies Inc. (NSTEIN), a reporting issuer, had executed a securities transaction by adopting a Board resolution granting NSTEIN stock options to its officers as well as to certain other employees of this reporting issuer while in possession of privileged information. This ruling by the Tribunal was appealed to the Court of Quebec on September 14, 2016. On February 26, 2018, the Court of Quebec dismissed the appeal. The directors of NSTEIN, including Mr. Lavigne, intend to ask the Court of Appeal of Quebec for the permission to appeal this judgment. In the same case, the Court of Appeal has already agreed to hear an appeal on a judgment of the Court of Quebec dismissing an application for inadmissibility due to prescription of the appeal instituted against the directors of NSTEIN.

PART D – COMPENSATION OF DIRECTORS

COMPENSATION STRUCTURE

The compensation structure for the Bank's directors is as follows:

	Annual compensation
Per annum fixed compensation for all directors	$95,000 (including $20,000 in the form of deferred share units)
Per annum fixed compensation for the Chair of the Board	$140,000
Per annum fixed compensation for the Chair of a permanent committee	$20,000
Per annum fixed compensation per committee on which a director sits, with the exception of the Chair of the Board	$7,500
Fixed compensation for Vice Chair of the Board (Note 1)	$15,000

Note 1: Upon recommendation of the Human Resources and Corporate Governance Committee, the Board of Directors approved on August 28, 2017, the fixed compensation to Vice-Chair for the services to be rendered until the next annual meeting of shareholders in 2018.

Directors receive no other fees for attending Board or committee meetings. Directors who are required to participate on behalf of the Bank in special committees, internal or external working groups or training sessions offered by the Bank receive an additional compensation of $1,200 per meeting or training session. During the last fiscal year, some directors received compensation of this nature for their participation in training sessions. The amount received by each director is disclosed in the "Director Compensation Table" provided hereinafter. Directors are entitled to the reimbursement of their hotel and travel expenses upon presentation of supporting documentation.

Directors who are officers of the Bank are not entitled to any compensation as directors.

Director compensation is paid in each quarter out of the amounts set out in By-Law XII of the Bank's General By-Laws.

COMPENSATION IN THE FORM OF COMMON SHARES OR DEFERRED STOCK UNITS

Each director receives a portion of his or her annual compensation from the Bank in the form of deferred share units (DSUs). This annual grant is made following the publication of the Bank's third quarter results.

Furthermore, a director may elect each year to receive all or part of the balance of his/her compensation from the Bank in the form of issued common shares and/or DSUs. This election may be changed at any time and takes effect on the next quarterly compensation payment date.

The number of the common shares to be issued is determined on the basis of the market price of the Bank at the time of payment to the director.

A DSU is a unit whose value is equivalent to the value of a common share of the Bank and takes into account events affecting the security (e.g. stock split, exchange of shares, etc.). DSUs cannot be converted until a director leaves the Board, at which time they are paid either in cash or in common shares, but not later than December 31 of the year following the year of his/her departure from the

Bank. The number of DSUs awarded is established by dividing the amount payable to the director by the average market price of the Bank's common shares during the period defined in the DSU plan. DSUs also entitle their holders to an amount equal to dividend payments on common shares of the Bank, which amount is paid in the form of additional DSUs. This plan has been in force since February 1, 2000.

HOLDING OF SHARES AND DSUs

Each director must hold at least 3 times his fixed compensation in the form of common shares and/or DSUs of the Bank. Even if there is no formal policy of the Bank that sets a deadline for directors to meet this minimum share ownership requirement, at least 50% of the director's compensation must be used to acquire shares and/or DSUs until they reach said requirement.

As at February 16, 2018, all directors exceeded the target minimum ownership level of 3 times his/her fixed salary in common shares and/or DSUs, except for recently appointed directors: Ms. Baxendale (39% of the objective, appointed on August 31, 2016), Mr. Campbell (41% of the objective, appointed on December 6, 2016) and Mr. Morris (2% of the objective, appointed on October 31, 2017).

The number of shares and/or DSUs held by each proposed nominee for election as director is indicated in Part C - Director Nominees of this Circular. Mr. Desjardins is subject to minimum share ownership requirements as President and Chief Executive Officer of the Bank, as is further described in Part E - Executive Compensation of this Circular.

Members of the Bank's Board of Directors (with the exception of the President and Chief Executive Officer) are not eligible for the *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries,* attached as Schedule B of this Circular, which is the only stock option plan in place at the Bank, nor for any other incentive compensation program.

DIRECTORS' COMPENSATION TABLE

The following table presents a summary of the compensation provided during the last fiscal year to each director of the Bank:

Name	Cash ($)	Shares/DSUs ($)	Other Compensation ($)	Total Fees ($)
Lise Bastarache	82,500	20,000	1,200	103,700
Sonia Baxendale	0	103,700	1,200	103,700
Richard Bélanger	82,500	20,000	1,200	103,700
Michael T. Boychuk (Note 1)	93,217	42,000	1,200	136,417
Gordon Campbell	1,076	91,660	1,200	93,936
Isabelle Courville	215,000	20,000	1,200	236,200
François Desjardins (Note 2)	0	0	0	0
Michel Labonté	71,500	58,500	1,200	131,200
A. Michel Lavigne	82,742	40,685	1,200	124,627
David Morris (Note 3)	0	0	0	0
Michelle R. Savoy	33,104	75,969	1,200	110,273
Susan Wolburgh Jenah	0	103,700	1,200	103,700

Note 1: Mr. Boychuk receives an additional amount for acting as Vice-Chair of the Board, which commenced on August 29, 2017.

Note 2: Mr. Desjardins does not receive any compensation for acting as a director of the Bank.

Note 3: Mr. Morris became a Director on October 31, 2017 and, therefore, did not receive any compensation during the 2017 fiscal year.

The following table presents directors who retired in 2017:

Name	Cash ($)	Shares/DSUs ($)	Other Compensation ($)	Total Fees ($)
Jacqueline C. Orange (Note 4)	27,114	6,573	0	33,687
Jonathan I. Wener (Note 5)	30,494	33,193	0	63,687

Note 4: Ms. Orange ceased to be a director on March 1, 2017.

Note 5: Mr. Wener ceased to be a director on March 1, 2017 as he was appointed Director Emeritus. He receives a compensation for acting in such capacity which is included in the table.

PART E – EXECUTIVE COMPENSATION

For purposes of this part[1], "Executive Officers" designates the Bank's President and Chief Executive Officer and the persons in charge of a principal business unit or performing a policy-making function within the Bank. The term "Named Executive Officers" includes the President and Chief Executive Officer, the Chief Financial Officer, and the three other most highly compensated executive officers of the Bank (including any of its subsidiaries) during fiscal year 2017, as prescribed in *Regulation 51-102 Respecting Continuous Disclosure Obligations*. "Executives" designates the executive officers, as well as all the other Vice-Presidents of the Bank.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes and explains all elements of compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the Named Executive Officers for the 2017 fiscal year, as well as the decision-making process relating to compensation. It also includes an overview of the manner in which the Bank's financial results impacted executive compensation; the objectives of the various executive compensation plans; a description of the different components of executive compensation; and an explanation of certain other applicable terms and conditions.

Highlights of Fiscal Year 2017

For the fiscal year ended October 31, 2017, the Bank's adjusted net income totalled $230.7 million, compared with $187.0 million for the year ended October 31, 2016. The Bank's adjusted net income target for 2017 was $217.0 million. The HR Committee recognized the Executives' extensive contribution to the Transformation Plan which is reflected in the Transformation Incentive Program.

However, Management and the HR Committee agreed to reduce the short-term individual factor to "meet expectations" to reflect the recent mortgage securitization issue.

In its 2017 management proxy circular, the Bank had announced the adoption of a new special executive incentive program for the senior executive team to support the Bank's Transformation Plan. Given that the Bank has decided to reset its mid-term objectives from 2019 to 2020, the Board of Directors has decided to replace the fiscal 2017-2019 mid-term portion of the special executive incentive program with a new fiscal 2018-2020 mid-term program, with the same targets, to better align with its strategic plan. The short term portion of the program announced last year was awarded at the end of the 2017 year.

During fiscal 2017, the HR Committee also updated the Executive Compensation Policy (the "Compensation Policy") of the Bank. Annually, the HR Committee reviews the Bank's Compensation Policy to ensure the compensation philosophy and practices are aligned with the interest of the Bank's shareholders and governance best practices. As part of the 2017 annual review of the Compensation Policy, the HR Committee modified the shareholding guidelines for the President and Chief Executive Officer. The President and Chief Executive Officer must now respect the share ownership guidelines for at least one year after termination or retirement from the Bank. The HR Committee believes this modification will improve the Bank's alignment with the long term shareholder interests and market best practices. This amendment was made to the Bank's Compensation Policy and applies to the current President and Chief Executive Officer of the Bank.

The HR Committee also decided to modify the Retention and Performance Share Units ("RPSUs") program in the event of a change of control. The previous program provided that in the case of a change of control, RPSUs would be paid at target. The amendment is to have the RPSUs payout based on actual performance upon a change of control.

Finally, the Chair of the Board together with the Chair of the HR Committee and the Chair of the Audit Committee had a number of shareholder engagement meetings to gather feedback from shareholders on the Bank's governance and compensation practices. Further to these meetings, the HR Committee decided to make changes to some governance practices including executive compensation and proxy circular disclosures, the most noteworthy of which relate to:

- The disclosure of the short-term incentive financial performance target and results;
- Details of the short-term incentive individual performance objectives, weightings and results;
- The compensation peer group and adjustments made to the market data to reflect the relative size of the Bank compared with other Canadian Banks;
- The disclosure of the long-term incentive performance results ("TSR"); and

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[1] In this part, the Bank uses adjusted financial measures that are non-generally accepted accounting principles (GAAP). These non-GAAP measures are used by management to assess the Bank's performance and, in certain cases, to establish the compensation of the Bank's officers. The Bank's non-GAAP measures presented throughout this document exclude the effect of certain amounts designated as adjusting items due to their nature or significance. These non-GAAP measures are considered useful to readers in obtaining a better understanding of how management analyzes the Bank's results and in assessing underlying business performance and related trends. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other issuers. The financial measures used in this section are defined as follows : the adjusted net income, the adjusted diluted earnings per share, and the adjusted return on equity. The main adjusting items used to establish the adjusted measures are related to the restructuring plans ($7.7M net of income taxes in 2017) and to items resulting from business combinations ($16.6M net of income taxes in 2017). These items have been designated as adjusting items due to their nature and the significance of the amounts, as well as to the fact that, in certain cases, they represent significant non-cash charges. Adjusted measures are described in greater detail in the Bank's 2017 Annual Report, page 19.

- The disclosure of target versus realized pay.

In addition, as the Bank moves through its transformation, the HR Committee is committed to analyze the components of the long-term incentive program to ensure an adequate mix of compensation elements linked to performance and retention.

Executive Compensation Policy

The Bank adopted an Compensation Policy in 2009. The Compensation Policy addresses the subjects of governance, reference group, external advisors, components of overall executive compensation, balance between variable and fixed compensation, clawback procedure and minimum share ownership requirements. These elements are further discussed in the following sections.

The Compensation Policy's objectives are to:

- Continuously promote the alignment of the Executives' interests with those of shareholders through compensation programs;
- Attract and retain competent and motivated Executives;
- Foster transparency with respect to Executive compensation management;
- Establish competitive compensation linked to the Bank's performance; and
- Respect the principles of sound compensation practices in terms of internal and external equity and of prudent risk management.

Furthermore, the HR Committee ensured the following compensation elements were satisfactory:

- Total compensation payouts (including base salary, short and long-term incentives) aims to be:
    - Aligned with the market median when objectives are met;
    - Above market when objectives are exceeded;
    - Below market median when objectives are not met.
- Significant portions of the Named Executive Officers' compensation is at risk (linked to performance or share price)
- Compensation is linked to strategy and long-term focus, whereby:
    - Performance is measured by using metrics that are tied to the Bank's Transformation Plan and shareholder wealth creation; and
    - Executives are motivated to take appropriate decisions and actions to achieve the long-term Transformation Plan objectives and sustainable wealth creation for shareholders as opposed to short-term gains.

The following table illustrates what we do and don't do.

What we do	What we don't do
Majority of executive compensation is at risk	Guarantee bonuses
Alignment of compensation with shareholders' interests	Have single-trigger change of control benefits
Transformation Performance Share Units align vesting criteria with the Return On Equity objectives	Permit hedging of equity holdings
RPSUs align vesting criteria with Total Shareholders' Return	Permit pledging of equity holdings
Share ownership requirements for all Executives	Have excessive perquisites
Vesting of share units after retirement for all Executives	Excessively dilute shareholders' equity due to long-term incentive programs
Clawback policy for executive incentive compensation	
Caps on annual bonus payouts and PSU payouts	

Governance

The HR Committee plays a key role in establishing and implementing the terms of this Compensation Policy. Among other things, it :

- Approves and reviews the Compensation Policy annually;
- Approves all elements related to compensation, including individual and financial objective setting, incentive programs design, long-term incentive grants and pension & benefits programs;
- Discusses the performance evaluations of those who report directly to the Bank's President and Chief Executive Officer and makes recommendations to the Board regarding the performance evaluation of the President and Chief Executive Officer; and
- Approves the disclosure of executive compensation.

Please refer to Part F - Corporate Governance for a description of the HR Committee mandate.

The members of the HR Committee are A. Michel Lavigne (Chair), Richard Bélanger, Isabelle Courville and Michel Labonté. All members are independent within the meaning of *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices.*

Each HR Committee member has direct experience that is relevant to his/her responsibilities in executive compensation, as described below.

A. Michel Lavigne (Chair)

- President and Chief Executive Officer of Raymond Chabot Grant Thornton in Montreal from 2001 to 2005;
- Attended the Corporate Governance University Certification Program of the *Collège des administrateurs de sociétés* with respect to various topics relating to talent management and executive compensation as well as the governance program relating to pension plans;
- Member of the Pension Committee of Canada Post Corporation since 2008 and Chair since 2012;
- Member of the Human Resources and Compensation Committee of Quebecor Media from 2005 to 2016 and Chair from 2013 to 2016;
- Member of the Human Resources and Corporate Governance Committee of TVA Group since 2013;
- Chair of the Human Resources and Compensation Committee of Quebecor Inc. from 2013 to 2016; and
- Member of the Bank's HR Committee since April 2016 and Chair since March 2017.

Richard Bélanger

- Associate-director and founder of Bélanger,Girard, Lavoie, Mooney, a partnership of chartered accountants from 1982 to 1992;
- Director and President and co-owner of Toryvel Group Inc. since 1993;
- President and Chief Executive Officer of Daaquam Lumber Inc. from 1996 to 2003;
- Director and President of Doryfor Inc. since 2004;
- Director, member of the Governance, Ethics and Compensation Committee of WSP Global Inc. from 2007 to 2017;
- Director and President of Quebec City Executive Terminal Inc. since January 2012; and
- Member of the Bank's HR Committee since August 2016.

Isabelle Courville

- President of Hydro-Québec Distribution, a division of Hydro-Québec with approximately 7,500 employees, from March 2011 to January 2013;
- President of Hydro-Québec TransÉnergie, a division of Hydro-Québec with approximately 3,500 employees, from 2007 to 2011;
- President of Bell Canada's Enterprise Group, a division of Bell Canada with approximately 5,000 employees, from 2003 to 2006;
- Chair of the Human Resources Committee and Corporate Governance of Miranda Technologies Inc. from 2006 to 2012; Member of the Compensation Committee of TVA Group Inc. from 2013 to 2016;
- Chair of the Management Resources and Compensation Committee of Canadian Pacific Railway Limited since January 2016; and
- Member of the Bank's HR Committee since 2008 and Chair of that Committee from March 2009 to March 2013.

Michel Labonté

- Acted successively as Senior Vice-President, Finance and Control, Senior Vice-President, Finance, Technology, and Senior Vice-President, Finance, Technology and Corporate Affairs of the National Bank of Canada from 1993 to 2005, involved in many aspects of the decision making process regarding compensation and benefits;
- Director and member of the Human Resources Committee of Metro Inc. from 2006 to 2018; and
- Holds an ICD.D designation granted by the Institute of Corporate Directors.

Based on the foregoing, the Board of Directors believes that, overall, the members of the HR Committee have the skills and experience that enable them to make informed decisions on the suitability of the Bank's compensation policies and practices.

Compensation Reference Group and Benchmarking

In order to maintain compensation aligned with the market, the Bank regularly mandates external advisors to conduct a specific survey of a reference market composed of Canadian companies operating in its sector. The last compensation review was done in October 2016 and the Bank is planning to do so again in 2018. The selection criteria used for the reference group are as follows:

- Companies in the banking and financial services sectors;
- Comparable clientele;
- Comparable business activities; and
- Comparable employee profile.

The HR Committee reviews the list of criteria and reference group prior to any compensation analysis. This review will be updated in 2018.

The Bank's external advisor, Willis Towers Watson, analyzes and compares the Bank's Executives total target compensation with the reference group.

The HR Committee then reviews the results of the market study prepared by external advisors, receives and evaluates the President and Chief Executive Officer recommendations and, if appropriate, approves the target compensation of Executives, excluding the President and Chief Executive Officer. With respect to the President and Chief Executive Officer's compensation, the HR Committee submits its recommendations to the Board of Directors for approval.

A single reference group is used to assess market value of overall executive compensation. As part of the October 2016 Executive Compensation Benchmark prepared by Willis Towers Watson, the Bank updated its reference group to reflect market changes and to ensure that organizations considered for benchmarking purposes reflect the selection criteria listed above.

The reference group includes 26 organizations from the financial services, banking, investment management and insurance sectors. It also represents the typical recruitment market for executives and organizations that are likely to recruit from the Bank. Other selection criteria include organizations that are listed with median size comparable to that of the Bank.

The reference group is comprised of the following organizations:

Organizations	Publicly Traded Companies	Financial Industry				Total Revenues (M)
		Banking	Other Financial Services	Insurance	Investment Management	
BMO Financial Group	x	x				$18,777
Caisse de dépôt et placement du Québec					x	n.a.
Canaccord Genuity Group Inc.	x				x	$788
Canadian Imperial Bank of Commerce	x	x				$13,085
Canadian Western Bank	x	x				$580
Element Financial	x		x			$888
E-L Financial Corporation Limited	x			x		$1,990
Equitable Group Inc.	x		x			$2,555
Export Development Canada			x			n.a.
Fédération des caisses Desjardins du Québec		x				$15,286
First National Financial Corporation	x		x			$952
Genworth MI Canada Inc	x			x		$787
Great-West Lifeco Inc.	x			x		$33,820
Home Capital Group Inc.	x		x			$574
HSBC Bank of Canada		x				n.a.
Industrial Alliance Pacific General Insurance Corporation	x			x		$8,222
Intact Financial Corporation	x			x		$8,118
Investors Group Inc.	x		x			$3,027
Manulife Financial	x			x		$33,448
National Bank Financial Group	x	x				$5,518
PSP Investments					x	n.a.
Royal Bank of Canada	x	x				$34,224
The Bank of Nova Scotia	x	x				$22,112
Sun Life Financial	x			x		$19,274

TD Bank Financial Group	x	x				$29,743
TMX Group	x		x			$763

Statistical Distribution	Revenue
25th Percentile	$774
Median	$2,508
75th Percentile	$18,901
Laurentian Bank	$996

Given that the size of an organization tends to have a direct impact on the compensation level, and considering that some organizations in the peer group (e.g., most Canadian banks) are much larger than the Bank, the market data was adjusted by Willis Towers Watson, as per their standard methodology, to align the relationship between compensation and the size of the organisation, in terms of annual revenues. By using the Willis Towers Watson formula, the compensation can be adjusted for any size of organization.

External Advisors

The Compensation Policy provides that external advisors be mandated to analyze and compare the target total compensation of the Bank's Executives with the reference group. In its analysis, the external advisors make appropriate adjustments in accordance with their methodology to take the Bank's relative size into consideration, as well as differences in responsibility levels among Executives of companies and organizations that form part of the reference group.

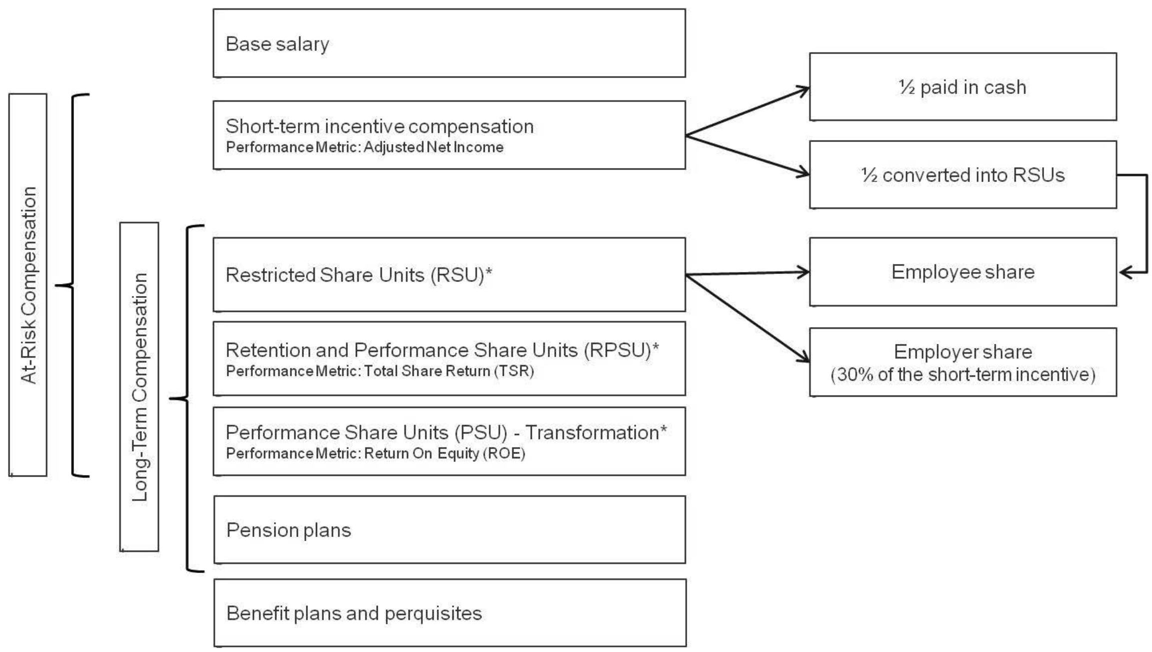
In accordance with the Bank's practice of assessing the positioning of its executive compensation every two years, a benchmark study was requested from Willis Towers Watson in October 2016. No significant changes to compensation were recommended following completion of the exercise.

Advisor	Executive Compensation-Related Fees ($)		All Other Fees ($)	
	2017	2016	2017	2016
Willis Towers Watson	123,502	167,158	52,878	140,095

COMPONENTS OF OVERALL EXECUTIVE OFFICERS' COMPENSATION

The Executive Officers' compensation takes into account the following criteria:

- Market compensation for a similar position;
- Performance and individual contribution;
- Bank results and performance;
- Responsibility level; and
- Demonstrated skills and experience.



* RSUs, RPSUs and PSUs may be deferred, as explained in the "Long-Term Incentive Compensation" section below.
The Performance Share Units (PSU) - Transformation program is temporary and related to of the Transformation Plan targets.

The components of Executive Officers' compensation are the following:

Compensation Component	Frequency	Elements of Analysis
Base salary	Reviewed annually	• Market median compensation for a similar position; • Performance and individual contribution; • Responsibility level; and • Demonstrated skills and experience.
Short-term incentive compensation	Awarded annually	• Comparison with the market median to establish targets; and • Individual and corporate performance.
Restricted Share Units (RSUs)	Awarded annually (only if a bonus is paid under the short-term incentive compensation program)	• Comparison with the market median to establish targets; and • Individual and corporate performance.
Retention & Performance Share Units (RPSUs)	Awarded annually	• Comparison with the market median to establish targets; and • Corporate performance ◦ Performance metric: Total Share Return (TSR).
Transformation Performance Share Units (PSUs)	Awarded annually	• Bring the total compensation package between the market median and the 75th percentile of the market; • Individual contribution to the Transformation Plan to determine eligibility; and • Corporate performance ◦ Performance metric: Return On Equity (ROE).
Defined benefit pension plan	Payable at retirement or termination	• Comparison with external market; • Calculated on base salary only; and • Based on recognized years of participation.
Benefit plans and perquisites	On a continuous basis	• Comparison with the market; and • Depending on the level, may benefit from certain additional advantages, such as supplementary life and accident insurance, additional health account, car and parking allowance and annual medical exam (over and above the basic plans).

Each component of overall Executive Officers' compensation is described in the following sections:

Base Salary

The base salary paid to Executives is determined based on the following criteria:

- Market median compensation for a similar position;
- Performance and individual contribution;
- Responsibility level; and
- Demonstrated skills and experience.

The HR Committee reviews the base salary of Executives annually.

Executives are eligible for an annual salary review. The President and Chief Executive Officer presents his direct reports on salary review recommendations to the HR Committee. Salary reviews vary based on the criteria listed above.

Performance Management and Incentive Compensation

The Bank sees performance management as a crucial exercise and a key factor in executive compensation. The HR Committee pays particular attention to this matter and ensures its application is rigorous.

The establishment of annual objectives is aligned with the Bank's strategic plan. The President and Chief Executive Officer proceeds annually with the annual performance evaluation of all Executive Vice-Presidents and the results are submitted to the HR Committee for approval.

As for the President and Chief Executive Officer, the objectives and performance assessment are determined by the Board of Directors, upon the HR Committee's recommendation.

Individual performance assessment is based on the level of achievement of objectives established according to the performance indicators outlined below:

Performance Indicators	Description
Financial Aspects (20%)	
Group	**Laurentian Bank After Tax Contribution** Act diligently to achieve the Group's profit contribution target, which is a shared objective and to which everyone contributes. Targets can be changed or adjusted exceptionally for limited reasons such as economic crisis, M&A activities, funding requirements, write-offs or transfer pricing anomalies. Measured as the after tax profit contribution as found in the financial statements.
Core Accountabilities (15% to 30%)	
Sector Management / Growth Targets	***Sectoral Budget*** Leaders are responsible for the allocation of resources and expenditures and must: - Plan operations, activities and projects with the objective to meet or beat expected budgets; - Use the best judgement in the choice of expenses incurred, maximizing benefits; - Monitor personal and the team's budget and expenses on a regular basis; - Enforce proper budgetary controls. Measured by the sector actuals versus budgets as published. Initial objective, in-year changes and evaluations will be managed and provided by Finance, if required. Core accountabilities are specific for each Executive, based on their role and responsibilities. They may be measured by considering factors such as quality, efficiency, cost management, growth and key performance indicators appropriate to each sector. Loan and deposit or assets and liabilities growth, as per yearly budget.
Risk Management & Compliance	Compliance and risk management are measured based on compliance with regulatory obligations.
Initiatives (30% to 45%)	
Strategy Management	Business plan communication and risk assessment Ensure championship and communication of corporate strategy and its initiatives: - Provide leadership of Transformation Plan on an internal and external basis; and - Anticipate and analyze risks surrounding the Transformation Plan. Develop sector growth strategy Develop an annual strategic plan and present it for review and prioritization into the Transformation Plan.
Strategy Sponsor	Based on the progress of the strategic plan and deliverables under the Executive's responsibility. Proper management of projects and buy-in from key stakeholders.
Initiative Participation	**General Project Participation** Properly staff, execute and be responsible for sector deliverables pertaining to projects championed by other sectors. Managers are responsible for their own and their team's participation. As a member of the Executive Office team, it is expected to participate in projects that are sponsored by other sectors and/or colleagues.
Soft Skills (20%)	
Professional Behavior	**Professional Behavior Immediate Supervisor Objectives** Specifically, ensure collaboration and development of a team spirit and ensure trust and a good working relationship with the Board of Directors.
People Management Competency	**People Management Competencies** Practice, on a daily basis the following People Management commitments: Vision & Strategy, Leadership, Planning & Organization, Communication & Meetings, Interpersonal Relations, Assistance, Motivation, Knowledge, Training & Coaching and Evaluation & Objectivity

Although the individual assessment determines performance level, the HR Committee reserves the right to take into consideration other elements when assessing an Executive's performance.

Incentive Compensation

Incentive compensation is composed of the three following programs:

- Short-term Incentive compensation;
- Long-term Incentive compensation; and
- Transformation Incentive compensation.

Short-Term Incentive Compensation

The main purpose of the Short-Term Incentive Compensation Program is to recognize the attainment of the individual performance objectives as well as the Bank's financial objectives that occurred during the past year.

The payout under the program is calculated as follows:

Bonus Target	X	Individual Performance Factor	X	Financial Performance Factor	=	Short-Term Incentive Compensation Payout

Both performance factors (individual and financial) can vary from 0% to 150% of the target. Since the factors are multiplicative, the short-term incentive compensation can vary from 0% to 225% of the target.

As part of the Special Transformation Incentive Program, the individual factor can be increased to a maximum of 175%. For more details, refer to the Transformation Incentive Compensation section below.

The President and Chief Executive Officer of Laurentian Bank Securities ("LBS") participates in a distinct short-term incentive program. which program represents a percentage of income before taxes of LBS and of the Bank's Capital Markets sector.

- Under the Bank's Capital Markets sector Deferred Compensation program, 30% of the annual bonus paid (between $75,000 and $500,000), as well as 40% of any amount in excess thereof, is converted into RSUs. This program does not provide for any employer contribution, and a third of the RSUs are redeemed on each of the three first anniversary dates of the grant. This program promotes sound risk management and alignment with the interests of shareholders.

Bonus Target

The Bonus Target is based on the market and hierarchical level of each Executive, as follows:

- President and Chief Executive Officer: 100% of the base salary; and
- Executive Vice-Presidents: 65% or 80% of the base salary.

Individual Performance Factor

Individual performance is assessed based on the performance indicators mentioned above. Each set of objectives are assessed and measured.

The overall performance result represents the total of each objectives' assessment. The grid below presents the performance rating attributed according to the overall performance evaluation and the associated individual performance factor:

Performance Rating	Superior performance	Exceed expectations	Meets expectations	Near expectation	Below expectations
Individual Performance Factor	150%	120%	100%	50% to 80%	0%

As part of the Special Transformation Incentive, the individual factor can be increased. For more details, refer to the Transformation Incentive Compensation section.

Financial Performance Factor

The financial performance factor is based on the financial target established by the Board of Directors at the beginning of the fiscal year and is aimed to encourage Executives to take all of the Bank's operations into account. The financial factor is based on the Bank's adjusted net income (net income after taxes and before dividends) and applies to all Executives.

A minimum target of adjusted net income must be reached in order to trigger the payment of an annual bonus. No bonuses are paid if the threshold is not reached.

For fiscal 2017, the performance levels and the corresponding financial performance factors for incentive compensation purposes are summarized in the following table:

2017	**Adjusted Net Income* ($M)**	**Financial Performance Factor**
Minimum	< 173,6	—%
Threshold	173,6	50%
Target	217,0	100%
Exceed	227,9	120%
Maximum	238,7	150%

**Linear interpolation between levels, above the threshold.*

The adjusted net income for incentive compensation purposes in 2017 was $223.1 million. Therefore, the financial performance factor applicable for the short-term incentive compensation program was 114%.

This result is based on the adjusted net income of $230.7 million, as published in the Bank's 2017 Annual Report, but excluding the impact of the acquisition of Northpoint Commercial Financial ("Northpoint") results as the program's objectives were determined prior to the acquisition. It can be noted that the inclusion of Northpoint results would have resulted in a higher financial performance factor.

Short-Term Incentive Payout

Executives are paid 50% of their annual incentive compensation in cash and must convert the remaining 50% into Restricted Share Units which vest after three years to promote share ownership and a better alignment with the interests of the shareholders.

Long-Term Incentive Compensation

Annually, Restricted Share Units and Retention & Performance Share Units are granted to its Executives. These programs' objectives aim to:

- Align Executives' interests with those of shareholders over a long-term perspective (three years);
- Promote sustained and long-term performance;
- Retain key Executives; and
- Create a direct link between performance and compensation.

Restricted Share Units (RSUs)

In addition to Executives converting 50% of their annual bonus into RSUs. Additional RSUs representing 30% of the annual bonus are granted. No RSUs are granted in the event that the Executive is not entitled to an annual bonus under the Short-Term Incentive Compensation program.

RSUs vest on the third anniversary of the grant. Executives must elect to participate in the RSU or the Deferred RSU (DRSU) version of the program. Under the RSU program, the payout is made on the vesting date, which is three years after the grant. Under the DRSU program and provided the three-year vesting period is completed, the payout is made at the time the Executive leaves the organisation.

Retention and Performance Share Units (RPSUs)

The Retention and Performance Share Units (RPSUs) program has two components:

- 75% of the target grant is time-based for retention purposes (Retention Component); and
- 25% of the target grant is performance-based to foster performance (Performance Component).

RPSUs are granted at the discretion of the HR Committee and are approved annually. The grants are based on the hierarchy level of the Executives. The grant represents 60% of the base salary for the President and Chief Executive Officer of LBSs;132% of the base salary for Executive Vice-Presidents; and 270% of the base salary for the President and Chief Executive Officer of the Bank. RPSUs vest on the third anniversary of the grant.

Upon vesting, the number of RPSUs is adjusted based on the Bank's performance. The payout varies between 75% and 125% of the number of units granted. The performance measure is the three year Total Shareholders Return (TSR) average compared with the Banks' performance comparator group. The comparator group is defined as the XFN - S&P/TSX Capped Financials Index Fund, which is comprised of Canadian financial sector issuers listed on the Toronto Stock Exchange.

For the RPSUs vested in December 2017, the performance factor was 103.95%.

2017	Retention Component		Performance Component		Total RPSU Performance Factor
Weighting	75%		25%		
	×		×		
Factor	103.95%		103.95%		
	=		=		
Total	77.96%	+	25.99%	=	103.95%

Note 1	The performance factor cannot be below 75%.
Note 2	The performance factor is maximized at 125%.
Note 3	The performance factor is applicable to the number of shares granted at the beginning of the period to determine the number of units vested.
Note 4	Historical Performance factor for RPSUs that vested in December 2016 and 2015 were respectively of 96.17% and 90.74%.

The TSR is equal to the share price at the end of the period minus the share price at the beginning of the period plus paid dividends, divided by the share price at the beginning of the period.

Executives meeting the share ownership guidelines must choose to either participate in the RPSU or the Deferred RPSU (DRPSU) version of the program. Executives not meeting the share ownership guidelines receive Deferred RPSUs.

- Under the RPSU program, the payout is made on the vesting date, which is three years after the grant.
- Under the Deferred RPSU program, and provided the three-year vesting period is completed, the payout is subject to the performance factor and made at the time the Executive leaves the Bank.

Transformation Incentive Compensation

The organisation has embarked on a strategic Transformation Plan aimed at improving the Return On Equity ("ROE") to a level that is comparable to the average of the banking industry. In that context, the Bank introduced a special incentive program for its Executives (which includes Executive Officers of the Bank as well as all other Vice-Presidents) that is linked to the successful execution of the Transformation Plan. The objectives of the special incentive program are as follows:

- Provide the Executives with a direct incentive to promote the successful execution of the Transformation Plan;
- Promote retention of the Executive team during the period of transformation; and
- Provide Executives with an opportunity to participate in the growth in shareholders' economic value which is directly generated by the successful execution of the Transformation Plan.

The special incentive program is in addition to the current incentive programs. The value of the special incentive program, if payable, when added to the value of the current compensation package, brings the value of the total compensation package between the market median and the 75th percentile of the market.

This program is to be reviewed and approved by the HR Committee on a yearly basis.

For the Executives who are significantly involved in the execution and delivery of the strategic plan, the individual performance factor of the short-term incentive program may be increased by a factor of 0.25. The maximum individual performance factor will therefore be 175% (up from 150%). This adjustment will also promote an increase in ownership of Bank's shares by Executives given that a minimum of 50% of the bonus, and the 30% employer match, must be settled in RSUs.

In addition, the selected Executives are eligible to receive special grant of Performance Share Units (PSUs).

These special PSUs vest on the third anniversary of the grant and are subject to the Bank's performance. This performance is based on the adjusted ROE compared with the six major Canadian banks, an objective of the Transformation Plan.

Executives will only receive a payment in respect of their special PSUs if at least one of the following performance targets are attained at the end of fiscal 2020:

- Adjusted ROE of the Bank: no worse than 300 basis points below the average ROE of the six major Canadian banks for fiscal 2020 (relative performance); or
- Adjusted ROE of the Bank of 14% or better for fiscal 2020 (absolute performance).

There is no partial vesting or any type of guaranteed payment below these targets.

The following table illustrates the vesting under various performance scenarios:

(Scenario A) Bank's ROE	(Scenario B) Six major Canadian banks' ROE	(Scenario C) ROE spread (basis points)	Vesting
13%	18%	-500	0%
14%	18%	-400	100%
13%	16%	-300	100%
12%	16%	-400	0%
13%	11%	+200	100%

In its 2017 management proxy circular, the Bank had announced the adoption of a new special executive incentive program for the senior executive team to support the Bank's Transformation Plan. Given that the Bank has decided to reset its mid-term objectives from 2019 to 2020, the Board of Directors has decided to replace the fiscal 2017-2019 mid-term portion of the special executive incentive program with a new fiscal 2018-2020 mid-term program, with the same targets, to better align with its strategic plan. The short term portion of the program announced last year was awarded at the end of the 2017 year.

In December 2017, the HR Committee granted special PSUs to the following Named Executive Officers. These special PSUs will vest in December 2020, subject to meeting the performance target.

Named Executive Officers	Special PSUs grants (% of base salary)
François Desjardins President and Chief Executive Officer	100%
François Laurin Executive Vice-President and Chief Financial Officer	40%
Deborah Rose President and Chief Executive Officer, B2B Bank and Executive Vice-President, Intermediary Banking and Chief Information Officer, Laurentian Bank	80%
Stéphane Therrien Executive Vice-President, Personal & Commercial Banking, Laurentian Bank and President and Chief Executive Officer, LBC Financial Services	80%

The President and Chief Executive Officer of LBS, Mr. Michel Trudeau. is not eligible to participate in the Transformation Incentive Compensation program.

Stock Options and Stock Appreciation Rights (SARs)

Although these programs exist, no grants have been made since 2009 and no Named Executive Officers currently hold any stock options or SARs. The HR Committee periodically reviews overall incentive compensation programs available to Executives but has no plans, at this time, to introduce any further option-based or stock appreciation award programs.

The principal terms and conditions of the Bank's Stock Option program can be found in Schedule C.

The following table provides information with respect to compensation programs under which the Bank's equity securities are authorized for issuance.

Plan Category	Number of Securities to be issued upon Exercise of Outstanding Options, Warrants and Rights as at October 31, 2017	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2017 ($)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in the first column) as at October 31, 2017 (Note 2)
Equity compensation plans approved by security holders (Note 1)	—	—	124,962
Equity compensation plans not approved by security holders	—	—	—

Note 1: Stock Option Purchase Plan for the Executives of the Laurentian Bank of Canada and its Subsidiaries

Note 2: The dilution level of options remaining available as a percentage of shares outstanding is 0.321% (based on 38,966,473 common shares outstanding as at October 31, 2017).

Note 3: The burn rate for 2015, 2016 and 2017 is 0.

Pension Plans

The Named Executive Officers, with the exception of Mr. Trudeau, participate in a basic pension plan - the *Pension Plan for the Senior Officers of the Laurentian Bank of Canada and Participating Subsidiaries* (the "officers' plan") - and in a supplemental pension plan - the *Supplemental Pension Plan for Members of the Executive Management of the Laurentian Bank of Canada and Participating Subsidiaries* (the "supplemental plan"). These plans are funded. A pension, up to the maximum amount permitted by law, is payable under the officers' plan, and the supplemental plan covers all pensions granted in excess thereof, if applicable. The pension plan is financed by the Bank and is non-contributory for the participants.

Under the officers' plan and the supplemental plan (collectively, the "plans"), participants are entitled to receive a pension for each year of participation equal to 2% of their average compensation, being the average base salary for their most highly compensated five consecutive years of service. This pension is payable for the life of the participant and is not integrated with benefits payable by the Quebec Pension Plan and the Canada Pension Plan. Normal retirement age is set at age 65. However, participants may take an early retirement starting at age 53 with an applicable pension reduction of 5% per year before age 60.

In order to recognize years of service at the Bank as yet unrecognized, Mr. Desjardins concluded a special agreement with the Bank whereby his retirement pension under the supplemental plan was modified as of November 1, 2015. Effective as of that date, Mr. Desjardins will accumulate two years of credited service per year worked, until the total years of credited service is equal to his total time worked at the Bank. Mr. Desjardins will be eligible to receive his pension without penalty as of age 54. However, if he chooses to terminate his employment at the Bank and leaves before reaching the age of 51, the special conditions prescribed will be cancelled without any effect.

The Named Executive Officers, with the exception of Mr. Trudeau, may also elect to participate in the flexible component of the officers' plan through optional ancillary contributions. These contributions enhance the benefits paid under the basic component of the officers' plan. Upon retirement, the officer may, among other options, use the accumulated amounts to reduce the early retirement reduction or for pension indexing. Participation is optional and the Bank does not contribute to this component.

Mr. Trudeau does not participate in any pension plan.

Benefit Plans and Perquisites

In addition to the benefits applicable to all Bank employees, Executives are entitled to life and accident insurance of up to four times their salary (up to a maximum of $1.2 million and $1 million, respectively). Executive Vice-Presidents and the President and Chief Executive Officer also benefit from a health account worth $5,000 annually. The amounts allocated to the health account are valid for a two-year period, after which any unused amount is forfeited. In addition, Executives are entitled to receive an annual medical exam, the costs of which are covered by the Bank. Executive officers benefit from a monthly car allowance and are reimbursed for their parking. The President and Chief Executive Officer of LBS does not benefit from any particular advantage, except for a car allowance and reimbursement of his parking.

Balance Between Variable and Fixed Compensation

The proportion between fixed and variable compensation varies with the hierarchical level, with higher levels having a higher proportion of variable compensation, and the global performance factor of each Executive and aims to align the Executives' interests with those of shareholders.

The HR Committee's intention is to maintain the right balance and consistency between the expected return, prudent risk management and compensation being offered. The "Performance and Total Compensation of Named Executive Officers" section indicates the proportion of fixed and variable compensation of each Named Executive Officer for fiscal year 2017.

Clawback Procedure

The clawback policy provides that if the Bank's financial statements for a previous year were to be restated due to fraud or a serious irregularity, the HR Committee could decide to clawback previous annual bonuses and share units awarded based on financial performance in accordance with the restated financial results.

Minimum Share Ownership Level Requirements

In order to foster long-term engagement of Executives, the HR Committee adopted minimum share ownership level requirements. These requirements are currently as follows:

Level	Minimum Requirement
President and Chief Executive Officer	5 x base salary
Executive Vice-President	3 x base salary

The HR Committee modified the share ownership requirements for the President and Chief Executive Officer. The President and Chief Executive Officer must now maintain the minimum share ownership level requirement for at least one year after termination or retirement from the Bank. The HR Committee believes this modification will improve the Bank's alignment with the long term shareholder interests and the market's best practices. This amendment was made to the Bank's compensation policy and is also applicable to the current President and Chief Executive Officer of the Bank.

The share ownership level attained by each Executive is evaluated annually based on the higher of the closing price of the Bank's common shares on October 31 or on the purchase or award date. The following shares and share units are included in the share ownership calculation:

- Bank's common shares held;
- RSUs, vested and non-vested, including the award relating to the fiscal year just ended;
- RPSUs vested, as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program; and
- Vested Special Transformation PSUs.

Although there is no time limit for reaching the minimum share ownership requirements, Executives must participate in the deferred version of the RPSU program until the requirements are met. Simulations carried out by the Bank show that, by using the deferred version of such program, the minimum share ownership requirements can be met within three years.

The "Performance and Total Compensation of Named Executive Officers" section indicates the share ownership levels of Named Executive Officers as at October 31, 2017.

Risk Analysis

In adopting compensation practices and setting executive compensation, the HR Committee, with the help of the Risk Management Committee, considers the implications of the risks associated with the Bank's compensation policies and practices. The mandates of the HR Committee and of the Risk Management Committee enable them to undertake an analysis of risks associated with the various compensation programs. An analysis grid, in line with the principle of the Financial Stability Board was developed to assess the risk associated with each of the Bank's compensation programs. The grid covers five categories of criteria - conception of the program, process for determining results, approval of results, risk-taking and synchronization of bonuses and losses.

Since 2010, the HR Committee and the Risk Management Committee have conducted an annual examination of the risk analysis of the compensation programs prepared by the Executive Vice-President, Chief Risk Officer and Corporate Affairs based on the analysis grid. The last such analysis was conducted in December 2017. As a result of this assessment, the HR Committee deemed the level of risk associated with the various compensation programs to be satisfactory.

The following elements help reduce risks related to compensation:

- Short-term incentive compensation is capped at 225% of target;
- RPSUs are based on the Bank's financial performance that span a three-year period and are capped at 125% of the grant;
- Mandatory deferral of short-term incentive compensation;
- Minimum share ownership guidelines;
- Clawback policy; and
- Hedging is prohibited.

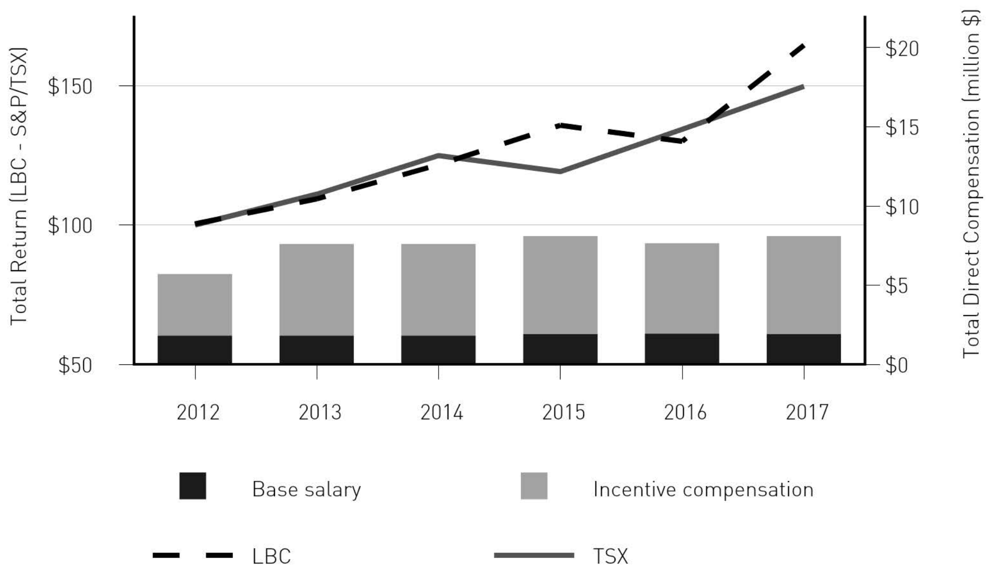
Hedging

The *Bank Act* (Canada), the Bank's Policy on Insiders and Prohibited Transactions on Bank Securities (the "Insider Policy"), and the Bank's Code of Ethics prohibit directors, officers, employees and service providers of the Bank and its subsidiaries to directly or indirectly sell Bank' securities that they do not own or that they have not fully paid up (commonly referred to as "short selling"), as well as to directly or indirectly buy or sell a put or call option on Bank' securities. Furthermore, directors, officers, employees and service providers of the Bank and its subsidiaries are prohibited under the Insider Policy from directly or indirectly entering into any type of agreement or arrangement with respect to Bank' securities or Bank-related financial instruments for the purpose of hedging or offsetting a decrease in the value thereof, or otherwise altering their economic exposure to the Bank.

Performance Graph

The following graph represents the comparison between the Bank's cumulative total shareholder return for $100 invested in the Bank's common shares on October 31, 2012, assuming reinvestment of dividends, and the cumulative total return of the Toronto Stock Exchange's S&P/TSX Composite Index for the last five fiscal years.

The graph also sets out the total direct compensation (base salary and incentive compensation) paid to Named Executive Officers for the last five fiscal years.



	2012	2013	2014	2015	2016	2017
Base Salary (in million $)	$1.8	$1.8	$1.8	$1.9	$1.9	$1.9
Incentive Compensation (in million $)	$3.9	$5.8	$5.8	$6.2	$5.7	$6.2
Total Direct Compensation (in million $)	$5.7	$7.6	$7.6	$8.1	$7.6	$8.1
Laurentian Bank of Canada	$100	$109	$122	$136	$130	$164
S&P/TSX Composite Index	$100	$111	$125	$119	$134	$150
Adjusted Net Income (in million $)	$140.6	$155.4	$163.5	$172.1	$187.0	$230.7

Trend Analysis

During the period covered by the graph, the data shows that the level of Total Direct Compensation received by Named Executive Officers:

- Increased by 42% while the Bank's shareholders' value increased by 64%; and
- The compensation and shareholders return vary in sync.

The Total Direct Compensation and shareholders return vary in sync due to the fact that:

- A significant portion of the compensation is performance based;
- The performance metrics used for the incentive programs are aligned with shareholders' return; and
- The HR Committee ensures that compensation and performance are aligned, through the Compensation Policy and performance evaluations.

Performance and Total Compensation of Named Executive Officers

François Desjardins

President and Chief Executive Officer

François Desjardins was named President and Chief Executive Officer of Laurentian Bank on November 1, 2015. After joining Laurentian Bank in 1991, he quickly rose through the ranks. A seasoned manager, he was appointed President and Chief Executive Officer of B2B Bank in 2004 and Executive Vice-President of Laurentian Bank in 2006.

Performance

	Accomplishments	Weight	Score
Financial Aspects			
Group	The Bank generated adjusted net income of $230.7 million, up by 23.0% from the previous year, including the acquisition of Northpoint. Adjusted return on common shareholders' equity totalled 12.3% in 2017, slightly higher than the previous year. Adjusted efficiency ratio was 66.1 % in 2017, compared to 69.6% in the previous year. Adjusted diluted earnings per share amounted to $6.09, up 7% from the previous year.	20%	Exceed Expectations
Core Accountabilities			
Growth Targets	Introduction of two new growth targets for 2020; assets under administration in Retail Services and total deposits from clients, which reflect a more holistic profile of our clients' investments. Going forward, these five indicators will constitute measures of the Group's success. 1. Loans to business customers: the portfolio increased by $2.2 billion, to reach $12.2 billion, up 22% year-over-year. 2. Residential mortgage loans through independent brokers and advisors: the portfolio increased by $1.6 billion, to reach $8.6 billion, up 23% year-over-year. 3. Assets under management at Laurentian Bank Securities increased by $0.4 billion, to reach $3.9 billion, up 11% year-over-year. 4. Assets under management from Retails Services clients reached $11 billion in 2017 with the objective to reach $12.6 billion in 2020. 5. Total deposits from clients reached $25.2 billion in 2017 with the objective to reach $27.1 billion in 2020.	25%	Meet Expectations
Risk Management & Compliance	In a context of economic challenges, market disruptions and new regulatory requirements, the Group managed risk efficiently within the Risk Appetite Framework. The Group's credit risk is managed with discipline which resulted in provisions for credit losses that were lower than the industry in 2017. Processes were assessed to determine gaps with new regulations and corrective measures have been identified to ensure disciplined growth.		
Initiatives			
Strategy Management	2017 was the second year of the seven-year Transformation plan and the Group is making strides on its objectives. Progress was particularly made in: – The implementation of the phase 1 of the core banking system which will allow the launch of a fully digital banking experience; – The successful merger of 41 retail branches; – The acquisition of Northpoint to expand our commercial offer; – The creation of a new name, Laurentian Bank Financial Group, to better reflect the diverse nature of the business.	45%	Superior Performance
Strategy Sponsor	Completed a review of the Strategic Plan as well as an effective challenge of the main pillars to ensure soundness and relevancy.		
Initiative Participation	Communicated the Strategic Plan to all employees by holding presentation sessions as well as site visits of corporate offices across Canada. Spearheaded critical strategic initiatives (for example acquisitions, core banking system, corporate office move, etc.) to ensure their progress and successful delivery.		

Accomplishments		Weight	Score
Soft Skills			
Professional Behavior People Management Competency	Under Mr. Desjardins' leadership, a common set of professional behaviors are integrated into each employee's objectives and are part of the annual performance review. A global recognition program was introduced to support the organizational performance culture. A cycle of strategic meetings was completed, which combined with the Initiative Management Process that was put in place in 2016, further supports the alignment of the organization.	10%	Superior Performance
Total		**100%**	**Meet Expectations***

** Refer to page 13 - **Highlights of Fiscal Year 2017** for further details regarding the performance evaluation.*

*Refer to the section **Short-Term Incentive Compensation** for details regarding the individual performance factor.*

Compensation

The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to Mr. Desjardins for the last three fiscal years. Except as noted, the amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2017 ($)	2016 ($)	2015 ($)
Short-term compensation			
Base salary	555,513	549,910	373,976
Short-term incentive compensation not converted into RSUs	313,500	423,720	350,000
Medium and long-term incentive compensation programs			
RSUs: Annual bonus converted into RSUs	313,500	423,720	350,000
Employer share converted into RSUs	188,100	254,232	210,000
RPSUs	1,485,000	1,012,500	495,000
Total direct compensation	**2,855,613**	**2,664,082**	**1,778,976**
Pension plans			
Annual cost of retirement benefits (Note 1)	241,000	279,000	1,097,000
Benefit plans and perquisites (Note 2)	55,091	54,858	248,187
Total compensation	**3,151,704**	**2,997,940**	**3,124,163**

Note 1: The annual cost of retirement benefits include the effect of changes of base salary, plan changes and grants of years of credited service. Of those, the most important element for fiscal year 2015 was the base salary changes.

Note 2: Mr. Desjardins received a monthly allowance of $16,667 ($200,000 annually) for his accommodation in Toronto and his travels between Montreal and Toronto. This allowance ceased on November 1, 2015.

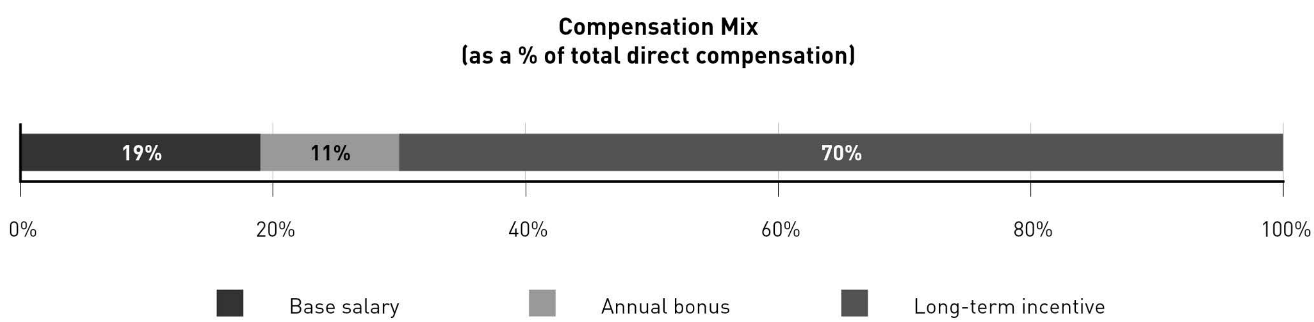
Mr. Desjardins' short-term incentive target for fiscal 2017 was 100% of his base salary.

Mr. Desjardins was promoted to President and Chief Executive Officer of Laurentian Bank on November 1, 2015.

Mr. Desjardins has special retirement eligibility terms for the RSUs, RPSUs and Special Transformation PSUs programs. His retirement eligibility age is aligned with his pension plan retirement eligibility, which is December 2021. He must respect the shareholding guidelines for at least one year after termination or retirement from the Bank.

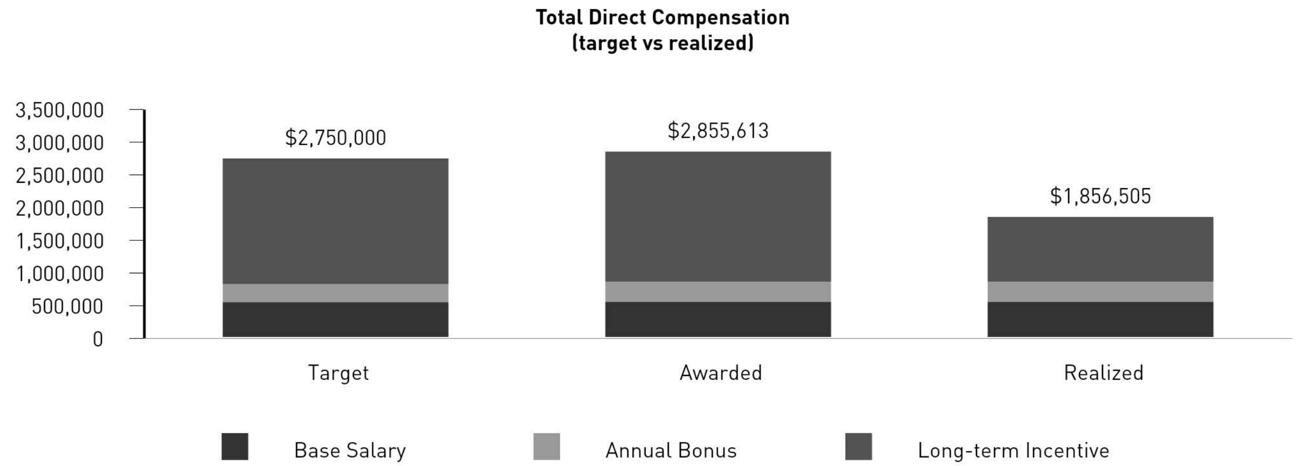
Fixed vs Variable Compensation

The table below shows the proportion of Mr. Desjardins' fixed and variable compensation for fiscal year 2017.



Target vs Realized Compensation

The table below indicated the Target, Granted and Realized compensation.



Note : **Target:** Includes annual base salary, target bonus not converted into RSUs) and target share units grants.
Awarded: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units granted in 2017.
Realized: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units vested during the year. These share units were granted in December 2014. The value is based on a $56.48 share price, representing the redemption price of shares granted in December 2014.
The December 2014 grants were prior to the appointment of Mr. Desjardins as President and Chief Executive Officer.

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, Mr. Desjardins' level of share ownership as at October 31, 2017 is indicated below.

Share ownership Requirement (multiple of base salary)	Base Salary Set at the Beginning of Fiscal year 2017	Shares (#)	Share Units (#)		Total Value (Note 2)	Share ownership (multiple of base salary)	Attainment
			Vested	Non-Vested (Note 1)			
5	$550,000	8,462	129,627	49,157	$11,234,820	20.43	✓

Note 1: Includes non vested RSUs as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program.

Note 2: The value as at October 31, 2017 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($60.00).

François Laurin,
FCPA, FCA, CFA

Executive Vice-President and Chief Financial Officer

François Laurin is responsible for the Bank's activities in the areas of finance, accounting, treasury, taxation, investor relations, mergers and acquisitions, and internal audit. He has held this role since August 2015. With 30 years of experience in corporate financing and financial accounting, François Laurin has worked at a number of large organizations operating within the finance, mining and telecommunications sectors.

Performance

	Accomplishments	Weight	Score
Financial Aspects			
Group	The Bank generated adjusted net income of $230.7 million, up by 23.0% from the previous year, including the acquisition of Northpoint Commercial Finance. Adjusted return on common shareholders' equity totalled 12.3% in 2017, slightly higher than the previous year. Adjusted efficiency ratio was 66.1 % in 2017, compared to 69.6% in the previous year. Adjusted diluted earnings per share amounted to $6.09, up 7% from the previous year.	20%	Exceed Expectations
Core Accountabilities			
Sector Management Risk Management & Compliance	Under Mr. Laurin's direction, significant improvements were implemented in the following areas: Financial planning, providing more accurate long-term forecasting; – Better risk management of liquidity, interest rate and capital, following the implementation of a new system and improved processes. Mr. Laurin led his teams to successfully manage through the Northpoint acquisition that expanded the Group's activities in the US. Under Mr. Laurin's guidance, a sound financing plan was developed and outperformed forecast. Notably, it included the first institutional financing issuance of a Non-Viability Contingent Capital (NVCC) subordinated debenture. Improved and expanded the financial certification assessment process to cover more controls and processes. Sponsored the implementation of the new accounting requirements for financial instruments (IFRS 9).	30%	Meet Expectations
Initiatives			
Strategy Management Strategy Sponsor Initiative Participation	To increase awareness and buy-in of the Group's Transformation plan, Mr. Laurin meets regularly with investors, analysts and industry stakeholders. Throughout the acquisition and integration of Northpoint Commercial Finance, Mr. Laurin and his team significantly contributed to the success of the project. Mr. Laurin's valuable insight allows the Group to make the appropriate strategic choices to achieve the strategic plan performance and growth targets.	30%	Meet Expectations
Soft Skills			
Professional Behavior People Management Competency	Mr. Laurin demonstrates great leadership and leads by example, he fosters open communication to improve performance and knowledge transfer with his peers and within his teams. Mr. Laurin made changes that raised the management level of his team in 2017.	20%	Meet Expectations
		100%	**Meet Expectations***

* *Refer to page 13 - **Highlights of Fiscal Year 2017** for further details regarding the performance evaluation.*

- The HR Committee recognized Mr. Laurin's extensive contribution to the Transformation Plan and increased his individual performance by 0.25 as per the transformation incentive program permits.

*Refer to the section **Short-Term Incentive Compensation** for details regarding the individual performance factor.*

Compensation

The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to Mr. Laurin for the last three fiscal years. The amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2017 ($)	2016 ($)	2015 ($)
Short-term compensation			
Base salary	307,044	299,182	57,535
Short-term incentive compensation not converted into RSUs	143,569	150,228	23,693
Medium and long-term incentive compensation programs			
RSUs: Annual bonus converted into RSUs	143,569	150,228	23,693
Employer share converted into RSUs	86,141	90,137	14,216
RPSUs	396,000	396,000	—
Total direct compensation	**1,076,323**	**1,085,775**	**119,136**
Pension plans			
Annual cost of retirement benefits	92,000	76,000	15,000
Benefit plans and perquisites	43,247	39,543	6,774
Total compensation	**1,211,570**	**1,201,318**	**140,910**

Mr. Laurin joined the Bank on August 10, 2015.

Mr. Laurin's short-term incentive target for fiscal 2017 was 65% of his base salary.

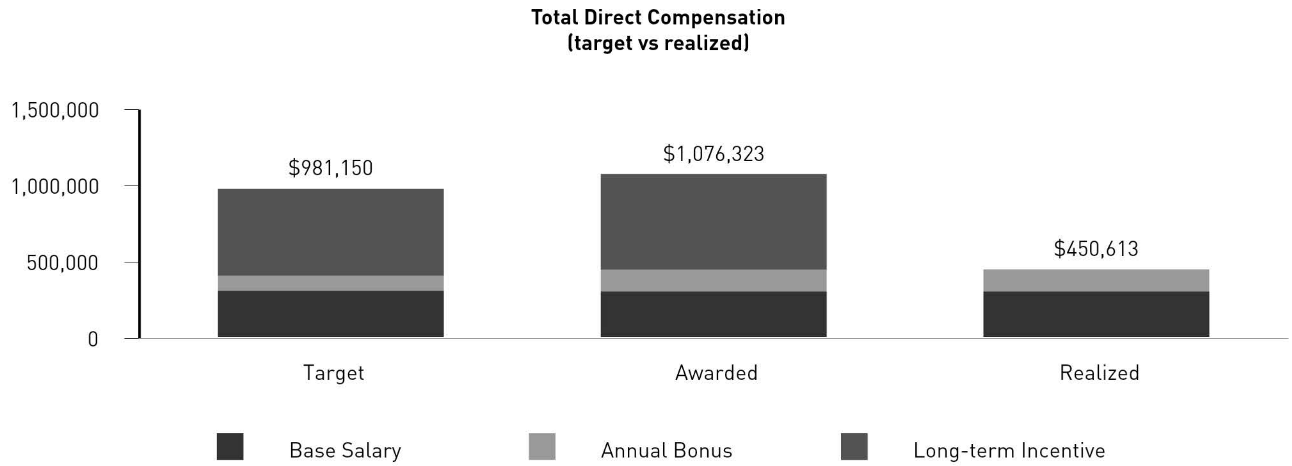
Fixed vs Variable Compensation

The table below shows the proportion of Mr. Laurin's fixed and variable compensation for fiscal year 2017.

Compensation Mix
(as a % of total direct compensation)

Target vs Realized Compensation

The table below shows the Target, Granted and Realized compensation.



Note : **Target:** Includes annual base salary, target bonus not converted into RSUs) and target share units grants.
Awarded: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units granted in 2017.
Realized: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units vested during the year. These share units were granted in December 2014. The value is based on a $56.48 share price, representing the redemption price of shares granted in December 2014.
Mr. Laurin did not receive long-term incentive grants in December 2014.

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, Mr. Laurin's level of share ownership as at October 31, 2017 is indicated below.

Share ownership Requirement (multiple of base salary)	Base Salary Set at the Beginning of Fiscal year 2017	Shares (#)	Share Units (#)		Total Value (Note 2)	Share ownership (multiple of base salary)	Attainment
			Vested	Non-Vested (Note 1)			
3	$310,000	786	5,927	15,230	$1,316,580	4.25	✓

Note 1: Includes non vested RSUs as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program.

Note 2: The value as at October 31, 2017 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($60.00).

Deborah Rose

President and Chief Executive Officer, B2B Bank and Executive Vice-President, Intermediary Banking and Chief Information Officer, Laurentian Bank

Deborah Rose joined B2B Bank in 2011. In 2015, she was appointed President and Chief Executive Officer of B2B Bank and Chief Information Officer of Laurentian Bank, where she oversees the development and management of information technologies. Prior to joining B2B Bank, Deborah Rose was Senior Vice-President, Business Operations at International Financial Data Services. Her career in financial services spans over 20 years.

Performance

	Accomplishments	Weight	Score
Financial Aspects			
Group	The Bank generated an adjusted net income of $230.7 million, up 23.0% from the previous year, including the acquisition of Northpoint Commercial Finance. Adjusted return on common shareholders' equity totalled 12.3% in 2017, slightly higher than the previous year. Adjusted efficiency ratio was 66.1 % in 2017, compared to 69.6% in the previous year. Adjusted diluted earnings per share amounted to $6.09, up 7% from the previous year.	20%	Exceed Expectations
Core Accountabilities			
Sector Management	In her many responsibilities, Ms. Rose made an excellent overall contribution in 2017 with sustained performance. At B2B Bank, Ms. Rose led her teams to sustain client relationships and ensured continued growth in the residential mortgage loans portfolio through independent brokers and advisors, which were up 23% year-over-year, reaching 86% of the 2020 growth target, and that, despite negative industry trends. In her capacity as Chief Information Officer and as we are evolving toward expanding our digital footprint, she led the creation of LBC Tech. This new technology subsidiary will be key to the transformation of the Bank, providing services and solutions to the whole organization while creating new efficiencies.	15%	Meet Expectations
Risk Management & Compliance	Ms. Rose ensured loan losses at B2B Bank remained lower than the industry. Compliance is well managed, and issues are dealt with in a timely matter. More recent audit findings in the mortgage portfolio have been prioritized and are being properly addressed.		
Initiatives			
Strategy Management	Ms. Rose executed efficiently on initiatives to build the digital offer and strengthen the foundation. Her input and insight are instrumental to the successful progress on major projects.	45%	Superior Performance
Strategy Sponsor	Under her leadership, the first phase of the most important initiative of our Transformation Plan, the implementation of a new Core Banking System, was successfully delivered. Ms. Rose also spearheaded the design of the future digital retail product line.		
Initiative Participation	A true change leader, Ms. Rose provides valuable background and coaching in support of the transformation plan, ensuring the engagement of her peers and her teams.		
Soft Skills			
Professional Behavior	Despite the rapid changes and pace, Ms. Rose is able to successfully lead and motivate her teams to perform above expectations.	20%	Superior Performance
People Management Competency	Ms. Rose provides the necessary support and structure for her teams to succeed. As an example, she has launched two management development leadership courses at B2B Bank. Ms. Rose leadership style promotes communication, ensuring all levels of her sectors are properly informed on the progress of the transformation plan.		
Total		**100%**	**Meet Expectations***

** Refer to page 13 - **Highlights of Fiscal Year 2017** for further details regarding the performance evaluation.*

- The HR Committee recognized Ms. Rose's extensive contribution to the Transformation Plan and increased her individual performance by 0.25 as per the transformation incentive program permits.

*Refer to the section **Short-Term Incentive Compensation** for details regarding the individual performance factor.*

Compensation

The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to Ms. Rose for the last three completed fiscal years. The amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2017 ($)	2016 ($)	2015 ($)
Short-term compensation			
Base salary	353,343	325,957	282,044
Short-term incentive compensation not converted into RSUs	205,200	162,747	166,835
Medium and long-term incentive compensation programs			
RSUs: Annual bonus converted into RSUs	205,200	162,747	166,835
Employer share converted into RSUs	123,120	97,648	100,101
RPSUs (Note 1)	429,000	429,000	181,250
Total direct compensation	**1,315,863**	**1,178,099**	**897,064**
Pension plans Annual cost of retirement benefits	158,000	87,000	166,000
Benefit plans and perquisites	44,268	36,179	29,930
Total compensation	**1,518,131**	**1,301,278**	**1,092,994**

Note 1: Ms. Rose received an additional RPSU grant in 2015 of $ 40,000.

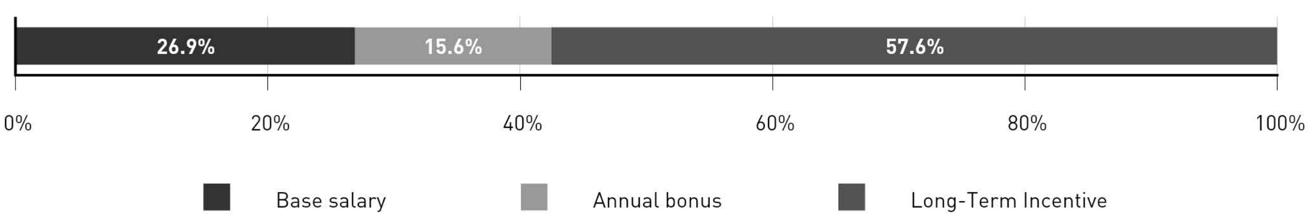
Ms. Rose was promoted to President and Chief Executive Officer of B2B Bank, Executive Vice-President of Laurentian Bank on June 1, 2015.

Ms. Rose's short-term incentive target for fiscal 2017 was 80% of her base salary.

Fixed vs Variable Compensation

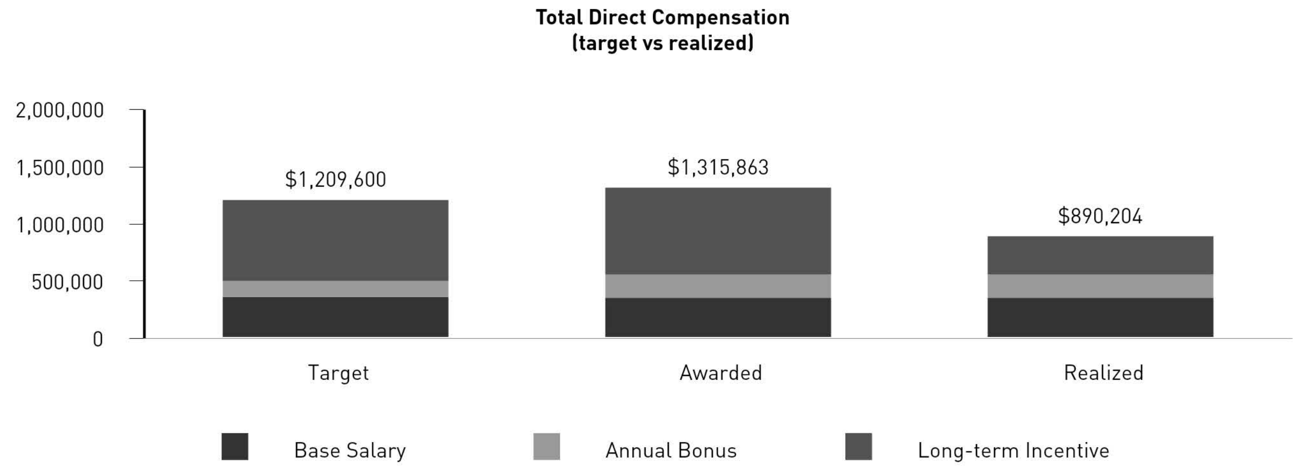
The table below indicates the proportion of Ms. Rose's fixed and variable compensation for fiscal year 2017.

Compensation Mix
(as a % of total direct compensation)



Target vs Realized Compensation

The table below shows the Target, Granted and Realized compensation.



Note : **Target:** Includes annual base salary, target bonus not converted into RSUs) and target share units grants.
Awarded: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units granted in 2017.
Realized: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units vested during the year. These share units were granted in December 2014. The value is based on a $56.48 share price, representing the redemption price of shares granted in December 2014.
The December 2014 grants were made prior to the nomination of Ms. Rose as President and Chief Executive Officer, B2B Bank and Executive Vice-President, Intermediary Banking and Chief Information Officer, Laurentian Bank.

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, Ms. Rose's level of share ownership as at October 31, 2017 is indicated below.

Share ownership Requirement (multiple of base salary)	Base Salary Set at the Beginning of Fiscal year 2017	Shares (#)	Share Units (#)		Total Value (Note 2)	Share ownership (multiple of base salary)	Attainment
			Vested	Non-Vested (Note 1)			
3	$360,000	568	31,410	18,718	$3,041,760	8.4	✓

Note 1: Includes non vested RSUs as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program.

Note 2: The value as at October 31, 2017 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($60.00).

Stéphane Therrien

Executive Vice-President, Personal & Commercial Banking, Laurentian Bank and President and Chief Executive Officer, LBC Financial Services

Stéphane Therrien has led the Business Services unit since 2012, the year he joined Laurentian Bank. In 2015, he was also appointed to head the Bank's Retail Services unit. He is a seasoned manager with almost 30 years of experience in the financing sector. He previously worked for 18 years at GE Capital where he successfully held various senior management positions including seven years as Chief Commercial Officer, Canada.

Performance

	Accomplishments	Weight	Score
Financial Aspects			
Group	The Bank generated adjusted net income of $230.7 million, up by 23.0% from the previous year, including the acquisition of Northpoint Commercial Finance. Adjusted return on common shareholders' equity totalled 12.3% in 2017, slightly higher than the previous year. Adjusted efficiency ratio was 66.1 % in 2017, compared to 69.6% in the previous year. Adjusted diluted earnings per share amounted to $6.09, up 7% from the previous year.	20%	Exceed Expectations
Core Accountabilities			
Sector Management	Acted as executive sponsor in the acquisition of Northpoint Commercial Finance Canadian and US operations, increasing the percentage of revenue generated by commercial activities and allowing the creation of an end-to-end equipment finance platform. Far exceeded objectives with regards to loan growth both in the retail and the business segments - including Northpoint's portfolio - and achieved results 50% higher than the annual budget.	15%	Meet Expectations
Risk Management & Compliance	Under Mr. Therrien's leadership, an integrated plan aiming at improving process efficiency and identifying gaps with regulatory requirements was successfully delivered. Tangible enhancements resulted from this initiative, and additional efforts are underway for a 2018 implementation. Mr. Therrien ensured that both retail and business segments operated within the risk appetite framework throughout the year, maintaining high credit quality as demonstrated by lower than industry loan losses.		
Initiatives			
Strategy Management	As the executive lead of the Commercial Excellence strategy of the Group's Transformation plan, Mr. Therrien spearheaded the development of the growth playbook concept that was instrumental in building the 3-year strategic plans of all sectors of the organization.	45%	Superior Performance
Strategy Sponsor	Mr. Therrien successfully headed the optimization of retail activities initiatives, which resulted in the merger of 43 branches and the conversion of 20 branches to advice-only, in line with our Transformation plan.		
Initiative Participation	Mr. Therrien's key leadership role is instrumental in keeping the teams focussed on the objectives of the Transformation plan while ensuring that customer experience is enhanced.		
Soft Skills			
Professional Behavior	Mr. Therrien leadership style nurtures a culture of performance, as he provides the necessary support and coaching to his teams in order for them to surpass their objectives while building solid processes that allow for sustainable growth, as we transform.	20%	Superior Performance
People Management Competency	Mr. Therrien ensured team members remained mobilized throughout a year where important changes were implemented in both of the business segments he oversees, notably the ongoing transformation of retail services and the integration of the two acquired organizations.		
Total		**100%**	**Meet Expectations***

** Refer to page 13 - **Highlights of Fiscal Year 2017** for further details regarding the performance evaluation.*

- The HR Committee recognized Mr. Therrien's extensive contribution to the Transformation Plan and increased his individual performance factor by 0.25 as per the transformation incentive program permits.

*Refer to the section **Short-Term Incentive Compensation** for details regarding the individual performance factor.*

Compensation

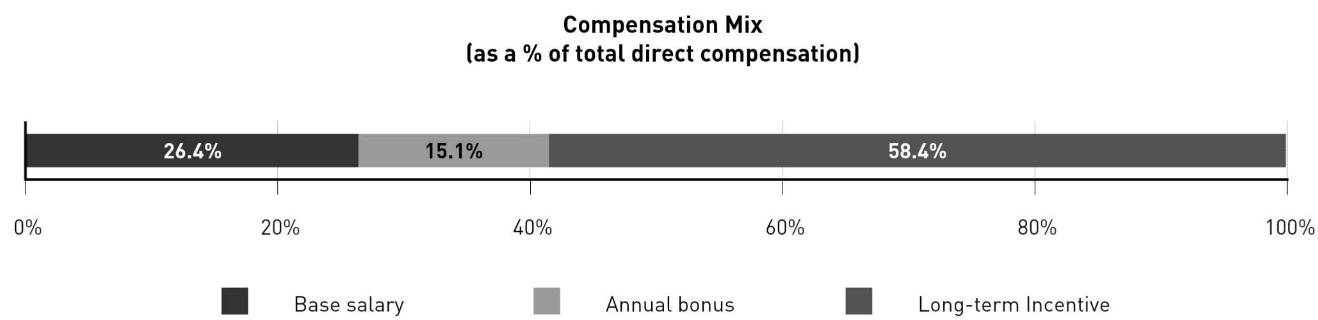
The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to Mr. Therrien for the last three completed fiscal years. The amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2017 ($)	2016 ($)	2015 ($)
Short-term compensation			
Base salary	407,962	400,489	348,814
Short-term incentive compensation not converted into RSUs	233,700	246,528	252,720
Medium and long-term incentive compensation programs			
RSUs: Annual bonus converted into RSUs	233,700	246,528	252,720
Employer share converted into RSUs	140,220	147,917	151,632
RPSUs	528,000	528,000	402,600
Total direct compensation	**1,543,582**	**1,569,462**	**1,408,486**
Pension plans Annual cost of retirement benefits	132,000	111,000	172,000
Benefit plans and perquisites	40,952	41,893	39,841
Total compensation	**1,716,534**	**1,722,355**	**1,620,327**

Mr. Therrien's short-term incentive target for fiscal 2017 was 80% of his base salary.

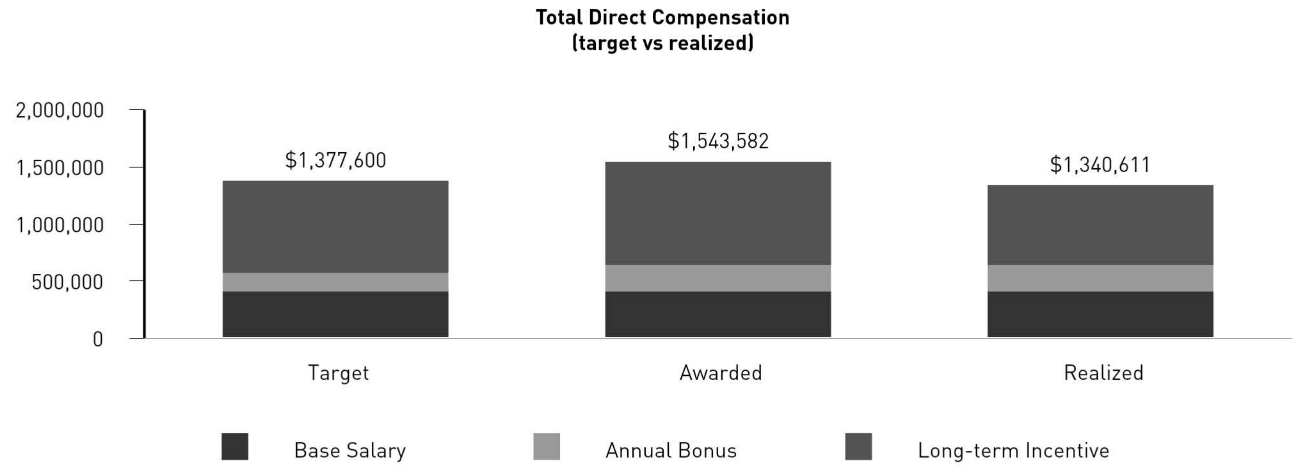
Fixed vs Variable Compensation

The table below indicates the proportion of Mr. Therrien's fixed and variable compensation for fiscal year 2017.



Target vs Realized Compensation

The table below shows the Target, Granted and Realized compensation.



Note : **Target:** Includes annual base salary, target bonus not converted into RSUs) and target share units grants.
Awarded: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units granted in 2017.
Realized: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units vested during the year. These share units were granted in December 2014. The value is based on a $56.48 share price, representing the redemption price of shares granted in December 2014.

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, Mr. Therrien's level of share ownership as at October 31, 2017 is indicated below.

Share ownership Requirement (multiple of base salary)	Base Salary Set at the Beginning of Fiscal year 2017	Shares (#)	Share Units (#)		Total Value (Note 2)	Share ownership (multiple of base salary)	Attainment
			Vested	Non-Vested (Note 1)			
3	$410,000	1,912	56,111	23,941	$4,917,840	12.0	✓

Note 1: Includes non vested RSUs as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program.
Note 2: The value as at October 31, 2017 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($60.00).

Michel Trudeau

President and Chief Executive Officer, Laurentian Bank Securities and Executive Vice President, Capital Markets, Laurentian Bank

Michel Trudeau joined Laurentian Bank Securities in 1999 and has served as President and Chief Executive Officer since 2003. In 2009, his role was expanded to include overseeing Laurentian Bank's activities related to capital markets. Michel Trudeau has previously worked for more than 15 years within the institutional and fixed income sectors, including 10 years at Merrill Lynch where he successively occupied various senior management positions.

Performance

	Accomplishments	Weight	Score
Financial Aspects			
Group	The Bank generated adjusted net income of $230.7 million, up by 23.0% from the previous year, including the acquisition of Northpoint Commercial Finance. Adjusted return on common shareholders' equity totalled 12.3% in 2017, slightly higher than the previous year. Adjusted efficiency ratio was 66.1 % in 2017, compared to 69.6% in the previous year. Adjusted diluted earnings per share amounted to $6.09, up 7% from the previous year.	20%	Exceed Expectations
Core Accountabilities			
Sector Management	Laurentian Bank Securities achieved an 11% growth in assets under management, year-over-year, reaching 91% of the 2020 growth target. Mr. Trudeau delivered solid performance in terms of earnings before tax while managing costs efficiently, exceeding budget. Mr. Trudeau delivered on structuring initiatives that aimed at increasing efficiency while ensuring provincial, federal and international regulatory requirements were integrated in the enhanced processes that were implemented in 2017. Additional efforts were also made for a 2018 implementation.	30%	Exceed Expectations
Risk Management & Compliance	Mr. Trudeau oversaw the restructuring of the dealer compliance activities with a clear focus on reinforcing discipline in operational execution.		
Initiatives			
Strategy Management	Mr. Trudeau's Capital Markets expertise and insight were instrumental to the successful delivery of a new National Housing Act program, which contributed positively to the Group's bottom line.	30%	Meet Expectations
Strategy Sponsor	Mr. Trudeau acted as the executive champion on an initiative that allowed for the diversification of counterparties, revenue maximization and reduction of aggregate exposure.		
Initiative Participation	Mr. Trudeau provides invaluable insight with regards to Capital Markets, notably giving an accurate and up-to-date overview of the market conditions.		
Soft Skills			
Professional Behavior	Fostering growth and continuous improvement, Mr. Trudeau provided coaching to key personnel to allow performance improvement through the development of new skills and competencies.	20%	Meet Expectations
People Management Competency	Mr. Trudeau improved succession capability by hiring two senior leaders in key positions.		
Total		**100%**	**Meet Expectations***

* *Refer to page 13 - **Highlights of Fiscal Year 2017** for further details regarding the performance evaluation.*

Compensation

The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to M. Trudeau for the last three fiscal years. The amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2017 ($)	2016 ($)	2015 ($)
Short-term compensation			
Base salary	272,077	270,577	266,384
Short-term incentive compensation not converted into RSUs	576,456	507,514	374,921
Medium and long-term incentive compensation programs			
RSUs: Annual bonus converted into RSUs	263,470	217,510	129,114
Employer share converted into RSUs	—	—	—
RPSUs	162,000	160,200	157,800
Total direct compensation	**1,274,003**	**1,155,801**	**928,219**
Pension plans Annual cost of retirement benefits	—	—	—
Benefit plans and perquisites	38,012	38,681	38,004
Total compensation	**1,312,015**	**1,194,482**	**966,223**

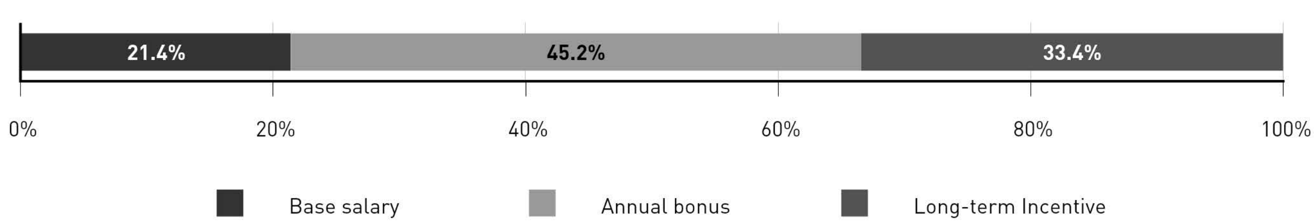
As President and Chief Executive Officer of Laurentian Bank Securities, the following are M. Trudeau specific compensation terms:

- Short-term incentive program: Represents a percentage of income before taxes of Laurentian Bank Securities and of the Bank's Capital Markets sector.
- Restricted Shares Units: Under the Capital Markets sector Deferred Compensation program, 30% of the annual bonus paid (between $75,000 and $500,000), as well as 40% of any amount in excess thereof, is converted into RSUs. This program does not provide for any employer contribution, and a third of the RSUs are redeemed on each of the three first anniversary dates of the grant. This program promotes sound risk management and alignment with the interests of shareholders.

Fixed vs Variable Compensation

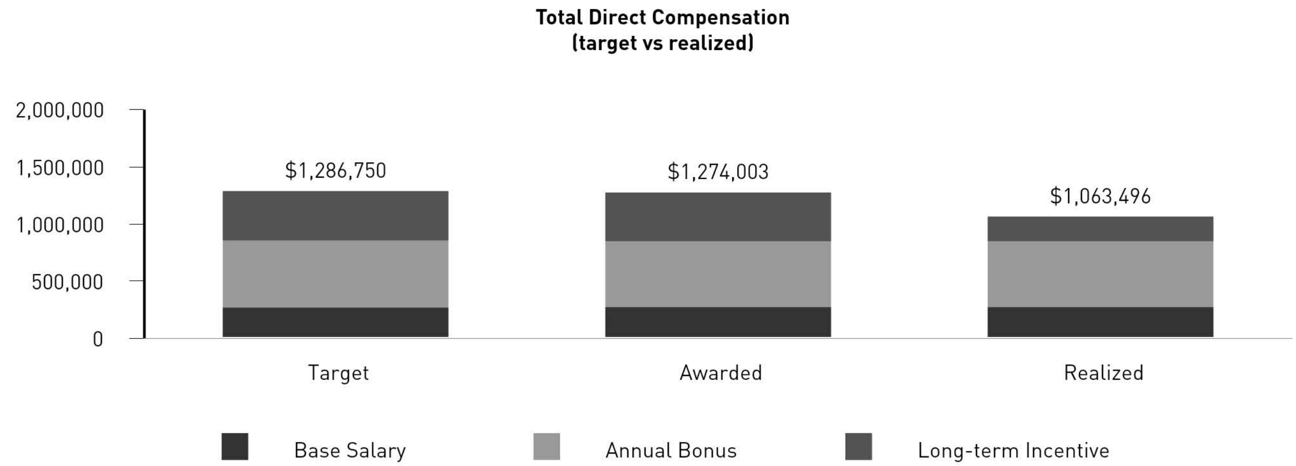
The table below indicates the proportion of M. Trudeau's fixed and variable compensation for fiscal year 2017.

Compensation Mix
(as a % of total direct compensation)



Target vs Realized Compensation

The table below shows the Target, Granted and Realized compensation.



Note : **Target:** Includes annual base salary, target bonus not converted into RSUs) and target share units grants.
Awarded: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units granted in 2017.
Realized: Includes fiscal 2017 earned base salary, annual bonus (not converted into RSUs) and share units vested during the year. These share units were granted in December 2014. The value is based on a $56.48 share price, representing the redemption price of shares granted in December 2014.

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, M. Trudeau's level of share ownership as at October 31, 2017 is indicated below.

Share ownership Requirement (multiple of base salary)	Base Salary Set at the Beginning of Fiscal year 2017	Shares (#)	Share Units (#)		Total Value (Note 2)	Share ownership (multiple of base salary)	Attainment
			Vested	Non-Vested (Note 1)			
3	270,000	2,756	31,509	0	2,055,900	7.6	✓

Note 1: Includes non vested RSUs as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program.
Note 2: The value as at October 31, 2017 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($60.00).

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the compensation paid, made payable, awarded, granted, given or otherwise provided to the Named Executive Officers for the three last fiscal years.

Name and Principal Position	Year	Salary ($)	Share-Based Awards ($) (Note 1)	Non-Equity Incentive Plan Compensation ($) Annual Incentive Plans (Note 2)	Pension Value ($) (Note 3)	All Other Compensation ($) (Note 4)	Total Compensation ($)
François Desjardins President and Chief Executive Officer	2017	555,513	1,673,100	627,000	241,000	55,091	3,151,704
	2016	549,910	1,266,732	847,440	279,000	54,858	2,997,940
	2015	373,976	705,000	700,000	1,097,000	248,187	3,124,163
François Laurin Executive Vice-President and Chief Financial Officer	2017	307,044	482,141	287,138	92,000	43,247	1,211,570
	2016	299,182	486,137	300,456	76,000	39,543	1,201,318
	2015	57,535	14,216	47,385	15,000	6,774	140,910
Deborah Rose President and Chief Executive Officer, B2B Bank and Executive Vice-President, Intermediary Banking and Chief Information Officer, Laurentian Bank (Note 5)	2017	353,343	552,120	410,400	158,000	44,268	1,518,131
	2016	325,957	526,648	325,494	87,000	36,179	1,301,278
	2015	282,044	281,351	333,669	166,000	29,930	1,092,994
Stéphane Therrien Executive Vice-President, Personal & Commercial Banking, Laurentian Bank and President and Chief Executive Officer, LBC Financial Services	2017	407,962	668,220	467,400	132,000	40,952	1,716,534
	2016	400,489	675,917	493,056	111,000	41,893	1,722,355
	2015	348,814	554,232	505,440	172,000	39,841	1,620,327
Michel Trudeau President and Chief Executive Officer, Laurentian Bank Securities and Executive Vice President, Capital Markets, Laurentian Bank	2017	272,077	162,000	839,926	—	38,012	1,312,015
	2016	270,577	160,200	725,024	—	38,681	1,194,482
	2015	266,384	157,800	504,035	—	38,004	966,223

Note 1: These amounts represent the grant date fair value of the following awards:

- Restricted Share Units (RSUs) granted under the *Restricted Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Only amounts corresponding to the employer share are included in this column; amounts corresponding to the employee share appear in the "Annual Incentive Plans" column (see Note 2 below). Under the RSU program, the Named Executive Officers (except Mr. Trudeau) must convert 50% of their annual bonus into RSUs . The employer contributes an additional amount equal to 30% of the annual bonus, which is also converted into RSUs. RSUs are part of executive compensation for 2017, 2016 and 2015, as the case may be, but were granted after the fiscal year-end.
- Mr. Trudeau must convert 30% of the annual bonus paid to him into RSUs - between $75,000 and $500,000 - as well as 40% of any amount in excess thereof, and the employer does not contribute an additional amount.
- Retention and Performance Share Units (RPSUs) granted under the *Retention and Performance Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Under the program, RPSUs are granted based on a percentage of the annual base salary of the Named Executive Officer.

The grant date fair value of the RSUs and RPSUs is equal to the number of units granted multiplied by the share price. The share price is the arithmetic average of the Bank's weighted average trading price on the Toronto Stock Exchange for the last ten (10) trading days preceding the opening of the window for insider trading subsequent to the publication of the annual results.

The principal terms and conditions of the RSU and RPSU programs are described in the "Components of Overall Executive Compensation" section. The holdings of RSUs and RPSUs by the Named Executive Officers for purposes of the minimum share ownership requirements are indicated under the heading "Performance and Total Compensation of Named Executive Officers".

Note 2: Amounts of the annual bonuses paid under the Bank's Short-Term Incentive Compensation program. 50% of this annual bonus (except Mr. Trudeau) must be converted into RSUs (see Note 1 above). These amounts were earned in 2017, 2016 and 2015, as the case may be, but paid after the fiscal year-end. The Short-Term Incentive Compensation program is more fully described in the "Components of Overall Executive Compensation" section. In the case of Mr. Trudeau, 30% of the annual bonus paid between $75,000 and $500,000 - as well as 40% of any amount in excess thereof) must be converted into RSUs.

Note 3: Amounts corresponding to compensatory changes, including annual cost of retirement benefits and effect of changes of base salary, plan changes or grants of years of credited service, as detailed in the "Defined Benefit Plans Table".

Note 4: These amounts include car allowances and reimbursement of parking, as well as health spending account and employee share purchase plan which are detailed under the heading "Performance and Total Compensation of Named Executive Officers".

Note 5: Ms. Rose received an additional RPSU grant in 2015 of $ 40,000. Ms. Rose was promoted President and Chief Executive Officer of B2B Bank, Executive Vice-President of Laurentian Bank on June 1, 2015.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards

The following table sets forth the share-based awards (Note 1) outstanding for each Named Executive Officer at the end of the last fiscal year, including awards granted prior to the last completed fiscal year.

	Shares or Units of Shares not Vested (#) (Note2)	Market Or Payout Value of Share-Based Awards not Vested ($) (Note 3)	Market Or Payout Value of Vested Share-Based Awards (Not Paid Out or Distributed) ($) (Note 3)
François Desjardins	61,395	3,683,672	7,777,657
François Laurin	19,122	1,147,337	355,606
Deborah Rose	22,934	1,376,024	1,532,280
Stéphane Therrien	29,130	1,747,780	2,624,142
Michel Trudeau	0	0	1,825,104

Note 1: RSU and RPSU awards including dividend equivalents.
Note 2: Mr.Trudeau is eligible to retirement according to the Share Units programs. Therefore, all share units are considered vested.
Note 3: Value based on the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2017 ($60.00).

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of all option-based and share-based awards for each Named Executive Officer vested during the fiscal year, as well as the amount of the annual bonuses earned during the fiscal year.

Name	Share-Based Awards - Value Vested During the Year ($) (Note 1)	Non-Equity Incentive Plan Compensation - Value Earned During the Year ($) (Note 2)
François Desjardins	987,492	627,000
François Laurin	0	287,138
Deborah Rose	331,661	410,400
Stéphane Therrien	698,949	467,400
Michel Trudeau	987,492	627,000

Note 1: These amounts represent the aggregate value realized upon vesting of RSUs (Employer Share only) and RPSUs on the vesting date occurring during the fiscal year. The Employee Share of RSUs vests at the date of the award. During the fiscal year, the RSUs and RPSUs granted in December 2014 became vested. The value is based on a $56.48 share price.

Note 2: Amounts of annual bonuses (50% of the amount presented must be converted into RSUs). In the case of Mr. Trudeau 30% of the annual bonus paid between $75,000 and $500,000 - as well as 40% of any amount in excess thereof.

PENSION PLAN BENEFITS

Terms Applicable to Certain Named Executive Officers

In order to recognize service at the Bank as yet unrecognized, Mr. Desjardins concluded a special agreement with the Bank whereby his retirement pension under the supplemental plan was modified as of November 1, 2015. Effective as of that date, Mr. Desjardins will accumulate two years of credited service per year worked, until the total years of credited service is equal to his total time worked at the Bank. Mr. Desjardins will be eligible to receive his pension without penalty as of age 54. However, if he chooses to terminate his employment at the Bank and leaves before reaching the age of 51, the special conditions prescribed will be cancelled without any effect.

Mr. Trudeau does not participate in any pension plan.

Defined Benefit Plans Table

The table below sets out the years of participation in the plans as at October 31, 2017 for each Named Executive Officer, annual benefits payable, and changes in the present value of defined benefit obligations from October 31, 2016 to October 31, 2017, including compensatory and non-compensatory changes concerning their participation in the plans for fiscal year 2017.

Name	Number of Years of Credited Service (#) (Note 1)		Annual Benefits Payable ($)		Opening Present Value of Defined Benefit Obligation ($) (Note 4)	Compensatory Change ($) (Note 5)	Non-Compensatory Change ($) (Note 6)	Closing Present Value of Defined Benefit Obligation ($) (Note 4)
	Officers' Plan	Suppl. Plan	At Year-End (Note 2)	At Age 65 (Note 3)				
François Desjardins	21.8	23.8	202,000	378,000	3,868,000	241,000	45,000	4,154,000
François Laurin	2.2	2.2	13,000	58,000	109,000	92,000	31,000	232,000
Deborah Rose	6.0	6.0	33,000	114,000	538,000	158,000	9,000	705,000
Stéphane Therrien	5.8	5.8	40,000	123,000	639,000	132,000	13,000	784,000

Note 1: Three years of participation in the supplemental plan are credited for each year accrued from the start of participation in the plan, up to the number of years of participation in the officers' plan.

Note 2: These amounts represent deferred payments accumulated as at October 31, 2017 and payable under the plans assuming retirement at age 60.

Note 3: These amounts represent projected pensions that would be payable under the plans assuming retirement at age 65.

Note 4: The present value of the defined benefit obligation represents the actualized value of the retirement benefit for the years of participation as at October 31, 2016 or October 31, 2017, as the case may be. This value was calculated using the same assumptions as for the Bank's financial statements, using a discount rate of 3.45% and 3.54% for the fiscal years ending October 31, 2016 and October 31, 2017 respectively. Furthermore, a compensation increase rate of 2.75% was used for the fiscal years ending October 31, 2016 and 2017. The assumptions used are outlined in Note 18 to the Consolidated Financial Statements found in the Annual Report.

Note 5: The variation attributable to compensation elements include the annual cost of retirement benefits and the effect of changes of base salary, plan changes or grants of years of credited service. The amount appearing in this column may also be found in the "Pension Value" column of the "Summary Compensation Table" above.

Note 6: The variation attributable to non-compensation elements includes amounts attributable to interest on the present value of the opening balance of the accrued defined benefit obligation, actuarial gains and losses (other than those associated with compensation) and changes in actuarial assumptions.

Note 7: Mr. Trudeau does not participate in a pension plan.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Summary Table of the Estimated Payments in Case of Termination and Change of Control

The table below sets out the effect of certain events of termination on the different components of the Named Executive Officers' compensation.

Retirement	
Base salary	Termination of salary.
Short-term incentive compensation	The annual bonus for the current year is paid, prorated to the number of months worked in the year.
Restricted share units (RSUs) and retention & performance share units (RPSUs)	Vesting of the share units continues after retirement. Payment is made at the end of the vesting period. Vested deferred share units are payable between the retirement date and December 31 of the year following the year of retirement. The President and Chief Executive Officer is required to meet shareholding guidelines for one year after retirement.
Pension plans	The rights to benefits stop accumulating. Payment of a monthly pension or transfer of the pension value, except for Mr. Trudeau (Note 1).
Benefit plans and perquisites	Termination of all benefits.
Termination without cause	
Base salary	For Executive Vice-Presidents, continuation for one month per years of service with a minimum continuation of 12 months and a maximum of 24 months. The continuation for the President and Chief Executive Officer is equivalent to one month per year of service with a maximum of 36 months.
Short-term incentive compensation	The annual bonus for the current year is paid, prorated to the number of months worked in the year.
Restricted share units (RSUs) and retention & performance share units (RPSUs)	Vested share units are paid upon termination. Unvested share units are prorated and paid upon termination.
Pension plans	The rights to benefits cease to accumulate (Note 2), with the exception of Mr. Trudeau (Note 1).
Benefit plans and perquisites	Benefits (except disability insurance) will continue for a period of 12 months or until obtaining other employment, except for Mr. Trudeau for whom benefits cease.
Resignation / Termination with cause	
Base salary	Termination of salary.
Short-term incentive compensation	No annual bonus paid.
Restricted share units (RSUs) and retention & performance share units (RPSUs)	Vested share units are paid upon termination. Unvested share units are cancelled.
Pension plans	The rights to benefits stop accumulating. Payment of a monthly pension or transfer of the pension value, except for Mr. Trudeau (Note 1).
Benefit plans and perquisites	Termination of all benefits.
Termination in the year following a change of control	
Base salary	For Executive Vice-Presidents, continuation of salary for 18 months. The continuation for the President and Chief Executive Officer is equivalent to one month per year of service, with a maximum of 36 months.
Short-term incentive compensation	Payment of the incentive compensation during the continuation period based on the average annual bonuses paid in the three years preceding the termination.
Restricted share units (RSUs) and retention & performance share units (RPSUs)	Vested share units are paid upon termination. RSUs vest and are paid upon termination. Unvested RPSUs and PSUs share units are paid based on the actual performance upon a change of control.
Pension plans	The rights to benefits continue to accumulate until the end of indemnity period (Note 2), except for Mr. Trudeau (Note 1).
Benefit plans and perquisites	Continuation of all benefits (except disability insurance) until the end of the indemnity period.

Note 1: Mr. Trudeau does not participate in a pension plan.
Note 2: For the purpose of calculating the pension and reduction applicable to Mr. Desjardins' retirement plan, the age and number of years of credited service used will be increased by one month per year of service (up to a maximum of 36 months).

Summary Table of the Estimated Payments in Case of Termination and Change of Control

The table below sets out additional amounts that would have been payable under each component of the compensation of the Named Executive Officers, assuming termination effective on October 31, 2017.

Name	Compensation Components	Termination without Cause ($)	Termination in the Year Following a Change of Control ($) (Note 4)
François Desjardins	Base salary	1,193,500	1,193,500
	Short-term incentive compensation	0	1,570,429
	RSU and RPSU (Note 1)	1,647,080	3,599,572
	Pension plans (Note 2)	0	0
	Benefit plans and perquisites	3,426	116,802
	Total	2,844,006	6,480,303
François Laurin	Base salary	310,000	465,000
	Short-term incentive compensation	0	211,660
	RSU and RPSU (Note 1)	515,308	1,092,589
	Pension plans (Note 2)	0	150,000
	Benefit plans and perquisites	4,716	75,693
	Total	830,024	1,994,941
Deborah Rose	Base salary	360,000	540,000
	Short-term incentive compensation	0	356,521
	RSU and RPSU (Note 1)	626,187	1,285,011
	Pension plans (Note 2)	0	0
	Benefit plans and perquisites	3,426	78,725
	Total	989,613	2,260,258
Stéphane Therrien	Base salary	410,000	615,000
	Short-term incentive compensation	0	488,632
	RSU and RPSU (Note 1)	804,180	1,598,609
	Pension plans (Note 2)	0	33,000
	Benefit plans and perquisites	3,426	83,725
	Total	1,217,606	2,818,966
Michel Trudeau (Note 3)	Base salary	0	405,000
	Short-term incentive compensation	0	1,034,493
	RSU and RPSU (Note 1)	0	0
	Pension plans (Note 2)	0	0
	Benefit plans and perquisites	0	66,698
	Total	0	1,506,191

Note 1: Amounts payable with respect to non-vested rights not covered by the programs' retirement eligibility rules.

Note 2: Amounts of retirement benefits. In the columns "Termination without Cause" and "Termination in the Year Following a Change of Control", the amount of retirement benefits is the additional value compared with the value presented in the column "Closing Present Value of Defined Benefit Obligation" in the "Defined Benefit Plans Table" above, assuming a termination on October 31, 2017. This additional value is nil for Mr. Desjardins and Ms. Rose as the value of their rights, including additional months of participation in the pension plans, is less than the value presented in the "Defined Benefit Plans Table". Mr. Trudeau does not participate in a pension plan.

Note 3: In the event of termination without cause of M. Trudeau, the indemnity in case of law would apply.

Note 4: Named Executive Officers must respect their non-solicitation obligations upon termination.

Years of service applicable in this column is of 26 for Mr. Desjardins, 12 for Mr. Laurin, Mr. Therrien and Ms. Rose, and 18 for Mr. Trudeau.

PART F – CORPORATE GOVERNANCE

The priority assigned to good governance by the Bank's Board of Directors has enabled the Bank to evolve and prosper over the course of its lengthy history with utmost respect for all its stakeholders. It is in that spirit that the organization has established the Board Governance Policy, which serves as a framework for its actions and relations. On December 6, 2016, the Bank's Board of Directors adopted the Board Governance Policy with a clear objective in mind: provide shareholders and other stakeholders with a clear vision of its governance policies and practices. This section of the Circular provides highlights of our governance practices and Board Governance Policy. The Board Governance Policy can be found in the "Governance and Social Responsibility" section of the Bank's Website.

BOARD OF DIRECTORS

The Board of Directors has set to 11 the number of directors for the upcoming year.

The text describing the mandate of the Bank's Board of Directors can be found in Schedule D of this Circular, as detailed in the Board Governance Policy.

Independence of Board Members

Other than Mr. François Desjardins, President and Chief Executive Officer of the Bank, all members of the Board of Directors and proposed nominees for election as directors are independent within the meaning of *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices* and the criteria adopted by the Board of Directors. The Chair of the Board, Ms. Isabelle Courville, is an independent director. Mr. Desjardins is a non-independent director by virtue of his functions at the Bank.

Through its HR Committee, the Board of Directors periodically analyzes its composition and, in so doing, determines whether each director is independent. It is the Board of Directors' practice to recruit independent directors, and to assess any proposed nominee's relationships with the Bank or its subsidiaries before proposing him/her as a new director.

Independent directors meet without members of management being present at the end of all Board meetings, as indicated below.

Competencies and Expertise of Board Members

Members of the Board of Directors have a broad range of competencies and expertise which fulfill the Bank's needs. The chart below shows the diversity of such competencies and expertise.

	Lise Bastarache	Sonia Baxendale	Richard Bélanger	Michael T. Boychuk	Gordon Campbell	Isabelle Courville	François Desjardins	Michel Labonté	A. Michel Lavigne	David Morris	Michelle R. Savoy	Susan Wolburgh Jenah	Total
Corporate Governance / Public Policy	√	√	√	√	√	√	√	√	√	√	√	√	12
Financial Expertise	√	√	√	√	√	√	√	√	√	√	√		11
Risk Management	√	√	√	√	√		√	√	√	√	√	√	11
Corporate Social Responsibility and Sustainability			√	√	√	√			√			√	6
Human Resources / Compensation	√	√	√	√	√	√	√	√	√		√	√	11
Technology / Real Estate / Project Management		√	√	√	√	√	√	√					7
Legal / Regulatory Affairs / Compliance				√		√		√	√			√	5
Financial and Banking Services	√	√		√			√	√	√	√	√	√	9
Financial Markets / Treasury	√		√	√	√			√		√	√	√	8

Selection of Director Nominees for the Board of Directors

Composed entirely of independent directors, part of the HR Committee's mandate is to propose candidates to sit on the Bank's Board of Directors.

In order to ensure optimal composition of the Board of Directors and to benefit from the complementarity of Board members, the HR Committee has established a comprehensive and diversified matrix of required skills and experience in accordance with which it evaluates each director. When filling a seat on the Board of Directors, the HR Committee determines the sought-after profile and applies certain selection criteria. Such criteria include, among others, independence, diversity, duration of tenure and membership on other boards of directors. Each proposed nominee is interviewed by the Chair, as well as a number of directors of the Bank, and meets with the President and Chief Executive Officer.

Nomination by shareholders

Any shareholder who wishes to recommend a candidate to be considered by the HR Committee may submit the candidate's name and biographical information, including background, qualifications and experience to the Chair of the HR Committee. In addition, the *Bank Act* provides a formal process for shareholders, holding in aggregate 5% of the Bank's shares, to nominate director candidates in the Bank's management's proxy circular.

Diversity

The Bank has played a leadership role among Canadian banks with respect to female representation on its Board. In fact, it was the first institution of its kind in Canada to name a woman as Chairperson in 1997. Subsequently, Ms. Isabelle Courville became the second woman to assume that role in 2013. Through its Diversity Policy, the Bank recognizes and embraces the benefits of having a diverse Board, which is an essential element in maintaining a competitive advantage. Today, the Bank ranks among the enterprises within its sector having the highest female representation, with five of the 11 proposed Board members (45%) being women. Excluding the President and Chief Executive Officer (the only non-independent member of the Board), the Bank would achieve gender parity on the Board of Directors with a distribution of five men and five women.

Furthermore, in reviewing the Board of Directors composition, and effectively discharge its duties and responsibilities, the HR Committee takes into account the benefits of all aspects of diversity, including skills, regional and industry experience, background, race, gender and other distinctions between directors. In identifying suitable candidates for appointment to the Board of Directors, the HR Committee will consider candidates on merit against objective criteria and with due regards for the benefits of diversity on the Board of Directors.

The Board Diversity Policy is included in the Board Governance Policy.

Orientation and Ongoing Training

The Board of Directors has a formal introduction process to help new Board members quickly understand their role and the Bank's strategic orientations and positioning in the market, as well as the Board's areas of focus, which consists of the following:

- An electronic manual is provided to each new director which contains all the basic information pertaining to the Bank, such as its organizational structure, letters patent and general by-laws, the Board Governance Policy, as well as other policies and documents concerning the duties and responsibilities of Board members;
- All new directors participate in an integration program via electronic media and are invited to take part in a training session aimed at familiarizing them with the Bank and with the obligations and responsibilities of their position; and
- Meetings are organized with the Board Chair, the Bank's President and Chief Executive Officer and various executive officers.

All Board Committee documentation is made available to all directors, who are invited to participate in meetings of Committees which they do not sit on. These initiatives serve to promote the development of their knowledge of the Bank's affairs.

Most Board meetings include presentations on subjects of interest to directors. During 2017, members of the Board of Directors received the following training sessions and presentations:

<u>Board of Directors</u>

- On November 1, 2017, all members of the Board of Directors received training on the Bank's risk appetite and management framework.
- On May 29, 2017, all members of the Board of Directors, except Mr. Boychuk and Mr. Bélanger, attended a presentation on the advanced internal rating-based approach.
- On June 13, 2017, all of the directors received a full-day training session on the following subjects: advanced internal ratings-based approach (calculation of the regulatory capital); changes in the Mutual Fund Industry; presentation on the Bank's Transformation Plan; digital Bank growth playbook; and business services growth playbook.

Audit Committee

- On February 27, 2017, all Audit Committee members received a presentation on the new accounting standard - IFRS 9 - Financial Instruments.
- On August 28, 2017, all Audit Committee members received a presentation on cybersecurity.

Risk Management Committee

- On August 28, 2017, all Risk Management Committee members attended a training session on the advanced internal rating-based approach.

Human Resources and Governance Committee

- On August 28, 2017, all members of the HR Committee received a presentation on shareholder engagement.

Furthermore, all directors who wish to improve their knowledge and skills so as to be able to better fulfill their responsibilities as Board members can do so at the Bank's expense via outside training.

Annual Evaluation

The Board of Directors puts a great deal of effort into annually assessing the Board's composition, including the competencies and performance of each director.

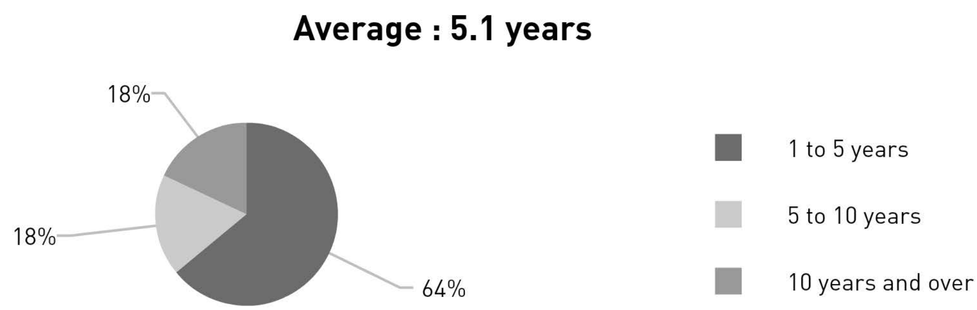
As such, the Board has a formal evaluation process whereby:

- Every year, each Board member is asked to evaluate his/her performance, the performance of his/her colleagues, including committee chairs and the Board Chair, as well as the performance of the Board as a whole and each Committee, respectively;
- The Board Chair meets with all Board members to discuss their evaluation; and
- The Board Chair reports to the HR Committee and to the entire Board with respect to the conclusions of the performance evaluation process and makes recommendations to the Board on Board composition and other potential improvements.

Duration of tenure

The Bank's Board of Directors adopted, through its Board Governance Policy, a tenure policy that provides guidelines with regards to the duration of mandates but does not formally prescribe the age of retirement. Instead, the Bank's Board of Directors prefers an approach based on skills and experience in relation to the needs of the Bank, the contribution of each director and the Bank's evaluation process. The Board Governance Policy provides that the tenure of directors is generally between 10 and 15 years. The tenure of a Board or Committee Chair, in such role, should generally be between five and eight years. The Board of Directors may propose longer tenures in certain circumstances, including his/her recent nomination as Board or Committee Chair, or his/her expertise or experience on a topic relevant to the Bank. The presence of more experienced directors and their related expertise on the Board has an added value that benefits the Bank as well as its shareholders. The HR Committee ensures that each year the number of directors sitting on the Board and the duration of their mandates are appropriate. Nine new independent members have been appointed to the Board of Directors in the past 10 years, demonstrating that the Bank's preferred approach of identifying competencies and assessing the contribution of each director is both effective and successful.

The tenure of directors standing for election at the 2018 meeting can be summarized as follows:



As it has done over the past 10 years, the Bank will continue to ensure both an effective renewal of the Board in the future, as well ensure a renewal rate that is in line with its business strategy.

Directors Sitting on the Same Boards of Other Reporting Issuers

The Bank limits the number of directors that may sit on the same board of another reporting issuer to two, unless the prior consent of the Chair of the Board is obtained. Part C - Director Nominees presents a brief biography of director nominees and indicates on which reporting issuer Boards they sit or have sat over the past five years. Currently, none of the director nominees sit on the same board of another reporting issuer.

Summary of Board Meetings Held

	Number of Meetings Held	Number of Meetings held without the presence of Management
Board of Directors	12	12

The attendance record of each director at Board and Committee meetings held during the Bank's last completed fiscal year is presented in Part C - Director Nominees, with the exception of Mr. Richard Bélanger who is not standing for re-election this year. During fiscal 2017, Mr. Richard Bélanger attended 11 out of 12 Board meetings and 6 out of 6 HR Committee meetings.

STRATEGY OVERSIGHT

The Board of Directors understands that oversight of the Bank's strategy is one of its main responsibilities, and ensures this oversight by having sessions dedicated fully to this topic so as to not be distracted by other matters.

At each Board meeting, an update on the Transformation Plan, its risks and its projects is made by management.

RISK OVERSIGHT

The Bank's Board Mandate states that the Board is responsible for ensuring that appropriate policies and procedures are in place to identify and manage the risks applicable to the Bank. This responsibility is shared between the Board and each of its Committees. Through its three Committees, respectively, the Board of Directors oversees strategic risk management by approving risk management frameworks and policies and monitoring risk conduct at the Bank.

BOARD COMMITTEES

The Bank's Board of Directors has three committees - the HR Committee, the Audit Committee and the Risk Management Committee, each composed exclusively of independent directors. Members meet regularly in the absence of management, as indicated in the table below. In addition, the Audit Committee and the Risk Management Committee regularly meet in private with the officers in charge of surveillance functions (Internal Audit and Chief Risk Officer).

According to the *Bank Act* (Canada), the Bank's Board of Directors is required to have an Audit Committee and a Conduct Review Committee. The mandate of the Board's Risk Management Committee includes the responsibilities that must be discharged by the Conduct Review Committee.

The mandates of the three Board Committees can be found in the Board Governance Policy.

Summary of Committee Meetings Held

	Number of Meetings Held	Number of Meetings held without the presence of Management
Audit Committee	9	9 (Note 1)
Risk Management Committee	5	5 (Note 2)
Human Resources and Corporate Governance Committee	6	6

Note 1: Members of the Committee also met privately with the external and internal auditors at five of these meetings, including all quarterly meetings .

Note 2: Members of the Committee also met privately with the representatives of the surveillance functions at all these meetings.

Committee Members

The table below presents the members of each committee of the Board as at the date of this Circular.

Name	Independent	Human Resources and Corporate Governance	Audit	Risk Management
Lise Bastarache	Yes		√	
Sonia Baxendale	Yes		√	
Richard Bélanger*	Yes	√		
Michael T. Boychuk	Yes		Chair	√
Gordon Campbell	Yes		√	
Isabelle Courville	Yes	√		
François Desjardins	No			
Michel Labonté	Yes	√		Chair
A. Michel Lavigne	Yes	Chair	√	
David Morris	Yes		√	
Michelle R. Savoy	Yes			√
Susan Wolburgh Jenah	Yes			√

*Not standing for re-election.

Further information regarding the Audit Committee can be found in Section 12 of the Bank's Annual Information Form.

Committee Reports

The purpose of the reports presented below is to provide shareholders with a better understanding of the Board's three Committees' work during the last completed fiscal year and, thereby, foster better corporate governance.

Report of the Human Resources and Corporate Governance Committee	
Members as at the date of circular	A. Michel Lavigne, Chair Richard Bélanger Isabelle Courville Michel Labonté
Independence	➢ The Committee is composed entirely of independent directors.
Mandate Review	➢ The Committee reviewed its mandate and is satisfied that it has fulfilled its responsibilities for fiscal 2017.
The members of the Committee met privately without the presence of management at each meeting.	

The main accomplishments of the Human Resources and Corporate Governance Committee (the "Committee") during the most recently completed fiscal year are as follows:	
Human Resources	➢ The Committee reviewed and approved the Bank's Compensation Policy, the main provisions of which are presented in Part E - Executive Compensation. ➢ The Committee evaluated the performance of the President and Chief Executive Officer for the last fiscal year and recommended his compensation to the Board of Directors for approval. ➢ The Committee reviewed the evaluations of the members of the Executive Committee and their objectives for the upcoming year. It reviewed and approved executive compensation, including base salary and long-, medium- and short-term incentive compensation. A detailed report on these subjects can be found in Part E - Executive Compensation of this Circular. ➢ The Committee reviewed the target bonus of the Bank's Short-Term Incentive Compensation program applicable to Executives, as described in greater detail in Part E - Executive Compensation of this Circular. ➢ In collaboration with the Risk Management Committee, the Committee examined the risk analysis of the compensation programs, which was prepared as part of the requirements and in accordance with the principles and standards of the Financial Stability Board. ➢ The Committee approved the employee salary budget for the year 2017 as recommended by management. ➢ The Committee reviewed the 2017 incentive compensation programs. ➢ The Committee (and the Board of Directors) reviewed the talent management report and succession plan. ➢ The Committee monitored negotiations of the collective bargaining agreements. ➢ The Committee reviewed the compensation of Northpoint executives.
Pension Plan	➢ The Committee reviewed the performance reports of the various pension plans. ➢ The Committee was presented with the actuarial valuation results of the various pension plans. ➢ The Committee received information on the amendments to the pension plan investment policy.
Corporate Governance	➢ The Committee spearheaded the initiative on shareholder engagement and developed the program associated with it. ➢ The Committee reviewed the composition of the Board of Directors, taking into consideration the Bank's strategy, as well as the selection of director nominees, as is more fully described under section "Selection of Directors Nominees for the Board of Directors" in Part F- Corporate Governance of this Circular. ➢ The Committee coordinated the process for evaluating the Board of Directors, the committees and their members. Further information on this process can be found under "Annual Evaluation" in Part F - Corporate Governance of this Circular. ➢ The Committee monitored the preparation of this Circular. ➢ The Committee supervised the integration process of its new directors. ➢ The Committee recommended to the Board of Directors the nomination of a new member to its Board of Directors. ➢ The Committee kept itself informed on various subjects related to corporate governance.

A. Michel Lavigne, Chair

Report of the Audit Committee	
Members as at the date of circular	Michael T. Boychuk, Chair Lise Bastarache Sonia Baxendale Gordon Campbell A. Michel Lavigne David Morris
Independence	➢ The Committee is composed entirely of independent directors.
Mandate Review	➢ The Committee reviewed its mandate and is satisfied that it has fulfilled its responsibilities for fiscal 2017.
The members of the Committee met privately in the absence of management at each meeting.	

The main accomplishments of the Audit Committee (the "Committee") during the most recently completed fiscal year are as follows:	
With Respect to the External Auditor	➢ The Committee monitored the Bank's external auditor's engagement throughout the year. ➢ It reviewed and approved the 2017 Audit Plan as well as reviewed detailed information regarding key audit and accounting issues pertaining to the annual audit, and their quarterly reports pertaining to the review engagements. ➢ The Committee performed the annual assessment of the external auditor, including audit quality considerations, such as: the auditor independence, objectivity and professional skepticism; the quality of the engagement team provided by the external auditor; and the Canadian Public Accounting Board inspection findings. Based on its evaluation, the Committee recommended to the Board of Directors the appointment of the external auditor. ➢ The Committee reviewed the Policy on Approval of Services Provided by External Auditors. Further details on this policy and the auditor's fees for the last fiscal year can be found under the heading "Appointment of the Auditor" in Part B - Business of the Meeting of this Circular. ➢ The Committee met on a quarterly basis with the external auditor in the absence of management.
With Respect to Financial Information	➢ In accordance with its mandate and the Bank's Financial Information Disclosure Policy: ○ The Committee reviewed the Bank's annual financial statements and management discussion and analysis included in the Bank's Annual Report, as well as the financial statements of pension plan, before they were approved by the Board of Directors. ○ It also examined the Bank's interim financial statements and management discussion and analysis before they were submitted to the Board of Directors. ○ The Committee reviewed the Annual Information Form and all financings, including the subscription receipts offering and Northpoint acquisition, before they were submitted to the Board of Directors for approval. ➢ The Committee reviewed and recommended for approval to the Board of Directors, earnings' releases on quarterly and annual results. ➢ The Committee monitored the implementation of the new accounting standard - IFRS 9 - Financial Instruments. ➢ The Committee reviewed the financial statements of the subsidiaries supervised by the Office of the Superintendent of Financial Institutions (Canada). ➢ The Committee reviewed and approved the financial statements of the Bank's various pension plans. ➢ The Committee received updates on the issues related to mortgage loans.
With Respect to the Internal Audit Function	➢ The Committee reviewed and approved the mandate and audit plan of the Internal Audit function and ensured the sufficiency on a regular basis of its resources. It also examined the main findings, recommendations and follow-ups thereon, as well as the internal auditor's opinion on internal controls. ➢ The Committee met on a quarterly basis with the Bank's internal auditor in the absence of management to discuss all aspects of its mandate and any related issues.
With Respect to Internal Controls	➢ The Committee ensured that management had implemented and maintained appropriate internal control procedures, including internal control over financial reporting. During the year, the Committee reviewed management's progress toward its assessment that internal control over financial reporting was effective and received management's report each quarter and for the year ended October 31, 2017. ➢ The Committee received a letter of certification from management covering all of the Bank's operations for the fiscal year ended October 31, 2017 and for each of the quarters of fiscal 2017.
With Respect to Regulatory Authorities	➢ On an ongoing basis, the Committee ensured that proper consideration was given to the recommendations and questions raised by the regulatory authorities. ➢ The Committee, along with the other members of the Board, met with representatives of the Office of the Superintendent of Financial Institutions (Canada) in the absence of management.

Michael T. Boychuk, Chair

Report of the Risk Management Committee	
Members as at the date of circular	Michel Labonté, Chair Michael T. Boychuk Michelle R. Savoy Susan Wolburgh Jenah
Independence	➢ The Committee is composed entirely of independent directors.
Mandate Review	➢ The Committee reviewed its mandate and is satisfied that it has fulfilled its responsibilities for fiscal 2017.

The members of the Committee met on a quarterly basis with the officers charged with oversight functions (Internal Audit, Risk Management and Regulatory Risk Management) in the absence of management to discuss all aspects of their respective mandates and related issues. The members of the Committee also met privately in the absence of management at each meeting.

The main accomplishments of the Risk Management Committee (the "Committee") during the most recently completed fiscal year are as follows:	
Oversight Functions	➢ Each quarter, the Committee received an integrated risk management report from the Chief Risk Officer, which enables it to assess whether the Bank has an adequate and effective process for managing major risks. The report covers strategic, business, credit, liquidity and funding, structural interest rate, market (arbitrage and secondary liquidities) risks, regulatory operational risks, as well as reputational and insurance risks. The report also monitors whether the risks are within the Bank's risk appetite and limits. ➢ The Committee reviewed changes to the insurance program. ➢ The Committee reviewed the capital adequacy report (ICAAP) and recommended its approval to the Board of Directors. ➢ The Committee kept itself informed on findings and recommendations of the Office of the Superintendent of Financial Institutions (Canada). ➢ After its examination of risks, the Committee reviewed and approved changes made to the policies, plans, procedures and codes under its responsibility and recommended their approval to the Board of Directors, as required. ➢ The Committee closely monitored changes in the Bank's loan portfolio, in particular, impaired loans and watch list loans, as well as the status of loan losses and the adequacy of loan loss provisions. ➢ The Committee reviewed and, when appropriate, approved certain loans that exceeded the limits set out in the credit policies. ➢ Jointly with the HR Committee, the Committee examined the risk analysis of the compensation programs, which was prepared as part of the requirements and in accordance with the principles and standards of the Financial Stability Board. ➢ The Committee ensured that follow-ups were conducted on material aspects of regulatory risk management. ➢ The Committee kept itself informed of the Bank's activities aimed at detecting and deterring money laundering and terrorist activity financing, and it reviewed the annual and semi-annual reports before their filing thereof. ➢ The Committee also kept itself informed on a regular basis on the regulation regarding capital and liquidity risk governance, including the implementation of the new capital rules (Basel III). ➢ The Committee monitored the implementation of the advanced internal rating-based approach. ➢ The Committee reviewed the crisis simulation framework, whose objective is to test the Bank's resistance of the various risks to which it is exposed. ➢ The Committee received the Ombudsman's annual report. ➢ The Committee received updates on the issues related to mortgages.
Conduct Review Functions	➢ As required, the Committee reviewed the decisions of the Bank's Self-Dealing Review Committee to ensure that they were reasonable. ➢ The Committee also approved the directors' report on the work of the Committee for its conduct review functions and its submission to the Office of the Superintendent of Financial Institutions (Canada).

Michel Labonté, Chair

POSITION DESCRIPTIONS

The Board of Directors has developed a written position description for the Chair of the Board and Committee Chairs, respectively, as well as for the President and Chief Executive Officer. The text of these position descriptions can be found in the Board Governance Policy.

CORPORATE ETHICS AND INTEGRITY

It is of prime importance to the Bank that its profitable development be attained, while respecting the principles of transparency, integrity and ethical conduct. In this regard, the Board of Directors works diligently to ensure that the Bank operates with the highest standards of integrity and in full compliance with all applicable laws and regulations.

The Bank has also adopted a set of values that serve as guidelines in making decisions aligned with the organization's culture. Integrity is central to all the Bank's actions and allows it to earn and maintain the confidence of its stakeholders. For their part, all Bank personnel must adhere to the Employee Code of Ethics and respect the Code of Confidentiality Governing the Protection of Personal Information.

The Board of Directors acts in accordance with the Directors' Code of Conduct, which incorporates by reference the Employee Code of Ethics, both of which are overseen by the HR Committee. In order to effectively manage any situation that could raise a conflict of interest, the Directors' Code of Conduct calls for Board members to refrain from participating in Board or Committee discussions that involve a conflict situation and from voting on any related questions.

The full text of the Bank's Employee Code of Ethics and the Directors' Code of Conduct is available on the SEDAR website (www.sedar.com).

COMPENSATION

The HR Committee is, among other things, responsible for establishing the compensation of the Bank's officers, as is more fully described in Part E - Executive Compensation.

Through its HR Committee, the Board of Directors ensures that director compensation is adequate and competitive. Information regarding compensation of directors is available in Part D - Compensation of Directors.

SHAREHOLDER ENGAGEMENT AND COMMUNICATIONS

The Board of Directors and management of the Bank recognize the importance of maintaining strong and consistent engagement with its shareholders.

As such, to allow shareholders to provide timely and meaningful feedback, the Bank has developed practices for its investors to facilitate constructive engagement. For instance, shareholders can write to the Bank's Secretary at the address provided at the back of this Circular, as well as communicate with the Chair of the Board of Directors as indicated in our Board Governance Policy. During the fall of 2017, the Chair of the Board, together with the Chair of the HR Committee and the Chair of the Audit Committee, had a number of shareholder engagement meetings to gain feedback from shareholders on the corporate governance practices of the Bank and ways to improve them. A number of suggestions made by shareholders have already been addressed in this Circular.

Furthermore, the CEO and the Management team meet regularly with the financial analysts and/or institutional investors. Investors relations staff are available to shareholders by telephone, email or mail. Additionally, quarterly earnings calls with analysts are broadcast live and, for a period of three months after each call, are archived on the Bank's Website.

The Board continues to proactively consider and adapt, as is suitable for the Bank, emerging practices of Board engagement with shareholders.

ADDITIONAL INFORMATION

Further information on the Bank's corporate governance practices can be found in the "Corporate Governance" section of the Bank's 2017 Annual Report.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Corporate social responsibility and sustainability are at the very heart of the Bank's business practices. The priority assigned to good governance by the Board of Directors has enabled the Bank to evolve and prosper over the course of its 170 years of existence with utmost respect for all its stakeholders.

Director Expertise

Several members of the Board of Directors have occupied, or presently occupy, positions within governmental, para-governmental and commercial organizations that enable them to evaluate and discern issues related to corporate social responsibility and sustainability.

For example, Ms. Isabelle Courville has held diverse positions at organizations concerned with these subjects. She is a member of Canadian Pacific Limited's Board and was President of Hydro-Québec Distribution and Hydro-Québec TransÉnergie. Ms. Courville also participates in the community through her involvement with different foundations, such as the Montreal Heart Institute and Sainte-Justine Hospital.

Throughout the course of his career, particularly during his time with companies like Bell Canada and J.W. MCConnell Family Foundation, Mr. Michael T. Boychuk developed considerable expertise in sound corporate sustainable development practices. Between 2002 and 2006, Mr. Boychuk directed the group responsible for the environment at Bell Canada, whose mandate was to follow and respect the United Nations Global Compact aimed at getting organizations around the world to adopt a socially responsible attitude and committing to the integration and promotion of numerous principles related to human rights, international labour standards, and the fight against corruption. Mr. Boychuk is currently a director of the J.W. McConnell Family Foundation, which has financed a major international program that encourages youths to actively participate in the creation of a sustainable future in collaboration with their schools and communities.

Mr. Gordon Campbell has been Premier of the Province of British Columbia for close to 10 years and has played an important role in its economic and social development. His government brought in major reforms to stimulate the economy, improve the education system, lead the way in healthy living and physical fitness and build a better support system for persons with disabilities, special needs, children at risk and seniors. During his tenure, British Columbia became a leader in sustainable environmental management. He also served as a public servant for most of his career, including as mayor of Vancouver from 1986 to 1993, and Canada's High Commissioner to the United Kingdom and Northern Ireland from September 2011 to September 2016.

Over the course of her career at the Investment Industry Regulatory Organization of Canada (IIROC) and the Ontario Securities Commission (OSC), Ms. Wolburgh Jenah played a leadership role in developing a robust investor protection framework and enhanced standards of business conduct and market integrity in the financial services industry. She was actively involved in global standard setting bodies including serving as Chair of the International Forum for Investor Education, a not-for-profit organization whose mandate is to promote investor education and financial literacy. Throughout her career, Ms. Wolburgh Jenah has served on a wide variety of not-for-profit, regulatory and public sector boards and advisory committees. For example, she served on the Board of the Institute of Corporate Directors (2004-11) and as the Ontario Government's nominee on the Board of the Global Risk Institute (2011-17), a public-private partnership focused on world class research and best practices in integrative risk management across multiple sectors. Ms. Wolburgh Jenah is also an active community participant including past service as a member of the Dean's Council, Ted Rogers School of Management, Ryerson University; and as an Adjunct Professor at Osgoode Hall Law School. She currently serves on the Board of the Humber River Hospital.

Refer to the biographies in Part C - Director Nominees of this Circular, and the matrix of competencies and expertise of Board Members in Part F - Board Corporate Governance.

Employee Diversity

The Bank has a Diversity Committee (the "Committee") whose mandate is to create an environment that promotes diversity and inclusion. The Committee is comprised of employer and union representatives, employees from the different business sectors, as well as people representing the four target diversity groups: women, visible minorities, indigenous people and people with disabilities. These Committee members work to continuously evolve the Bank's diversity management practices.

Among the Bank's and its subsidiaries 63 Executives, 23 (or 37%) are women. The Bank has not established a specific target with respect to the number of women that should be on its Executive' team because it has always maintained good practices in this area. When the time comes to select a candidate for a new position or as a replacement, the Bank takes the benefit of diversity into account as part of its selection criteria.

Bank's Social Responsibility Report

The Bank has been producing a Social Responsibility Report annually since 2007. This publication presents an overview of the organization's practices with respect to governance, ethical and respectful relations, employee development, community involvement and reduction of its ecological footprint. In line with its commitment to environmental protection, the Social Responsibility Report is available in electronic format on the Bank's Website.

PART G – OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

The following table sets forth the aggregate indebtedness to the Bank or its subsidiaries of all existing and former executive officers, directors and employees of the Bank or its subsidiaries as at January 31, 2018.

Purpose	To the Bank or its Subsidiaries
Other	$261,936,968

Indebtedness of Directors and Executive Officers under Securities Purchase Programs and Other Programs

The following table sets forth the indebtedness towards the Bank or its subsidiaries of each individual who is, or at any time during the Bank's most recently completed fiscal year was, a director or executive officer of the Bank, each proposed nominee for election as a director of the Bank and each associate of any such person, except for routine indebtedness as defined in securities legislation and indebtedness that has been entirely repaid at the date of this Circular.

Name and Principal Position	Involvement of the Bank or Subsidiary	Largest Amount Outstanding during Most Recently Completed Fiscal Year ($)	Amount Outstanding as at January 31, 2018 ($)
François Desjardins President and Chief Executive Officer	B2B Bank and Laurentian Bank Securities (lenders)	275,000 (Note 1)	247,033
Susan Kudzman Executive Vice-President, Chief Risk Officer and Corporate Affairs	Bank (lender)	752,568 (Note 2)	727,256
Deborah Rose President and Chief Executive Officer, B2B Bank and Executive Vice-President, Intermediary Banking and Chief Information Officer, Laurentian Bank	Bank (lender)	480,000 (Note 3)	470,513
Michel C. Trudeau President and Chief Executive Officer, Laurentian Bank Securities and Executive Vice-President, Capital Markets, Laurentian Bank	Laurentian Bank Securities (lender)	314,000 (Note 4)	139,244

Note 1: Mortgage lines of credit on secondary residence at prime rate + 0.50% (B2B Bank); margin account against security portfolio at prime rate + 1% (Laurentian Bank Securities).
Note 2: Mortgage loan on principal residence at an interest rate of 1.39%.
Note 3: Mortgage loan on principal residence at an interest rate of 1.39%
Note 4: Margin account against security portfolio at prime rate +1%.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the beginning of the last completed fiscal year, the Bank did not make any transaction which materially affected it or one of its subsidiaries in which a proposed nominee for election as director, a director or officer of the Bank or one of its subsidiaries or their respective associates or affiliates, had a direct or indirect interest.

CODE OF PROCEDURE

A code of procedure is used at annual and special meetings of shareholders in order to specify shareholders' rights and facilitate deliberations at the meeting. Schedule C of this Circular contains the text of this code.

MINUTES

A copy of the minutes of the Bank's last annual meeting of shareholders held on March 1, 2017 was sent to shareholders together with this Circular. The minutes are also available on the Bank's Website.

REMOTE VIEWING OF THE ANNUAL MEETING

The video of the 2018 annual meeting of shareholders will be available in the "Investor Centre" section of the Laurentian Bank Financial Group's Website (lbcfg.ca) under the "Presentations and Events" tab.

DIRECTORS' APPROVAL

The Bank's Board of Directors has approved the content of this Circular and the distribution thereof to each shareholder entitled to receive the Notice of Meeting, each director, the Bank's auditor and the appropriate regulatory authorities.

Christian Marcoux
Secretary

Montreal, Quebec, February 27, 2018

SCHEDULE A

SHAREHOLDERS' PROPOSALS

The Bank received four proposals from the Mouvement d'éducation et de défense des actionnaires (''MÉDAC'') whose offices are located at 82 Sherbrooke Street West, Montreal, Quebec, H2X 1X3.

PROPOSAL 1 - A Democratic Nomination Process for two Directorships

It is proposed that the Bank's Board of Directors adopt a by-law setting the stage for two directors to be nominated by the public, elected by the Bank's shareholders, and each for a one-year term or until a successor is elected or appointed.

Arguments

Such a nomination process aims to broaden the sources of new director nominations while identifying new talents that may not have been considered using traditional sources: references from management or a director, selection by an executive or director research firm; references by an influential shareholder holding more than 5% of the Bank's shares.

To be candidates, individuals should meet the following requirements:

- Be engaged in the socio-economic environment;
- Be supported by at least three groups representing the Bank's stakeholders;
- Be a director of a profit or non-profit organization;
- Meet the skills and experience requirements sought by the Bank for its directors; and
- Preferably be certified by an institute or college dedicated to the training of corporate directors. It should be noted that for more than ten years, several thousand persons have received specific training to sit on boards of directors throughout Canada.

Candidates could signify their interest following a public call for nominations in the press and the Bank's Website. A nominations' compliance to requirements should be reviewed by the Nominating Committee of the Bank. Successful nominations would be included in the management proxy circular stating that they have been received from the public. The two persons with the highest number of votes would be elected. They would be eligible for re-election each year, up to a cumulative maximum of twelve years.

We are well aware of the possibility for candidates other than those identified by management or members of the Board to submit their candidacy. Assuming some candidates did so, it has been difficult for us to identify director profiles that come from traditional nomination pathways and which would bring a different added value. We are suggesting that the annual activity report of the Bank's Nominating Committee include the initiatives adopted to diversify the nomination sources in relation to identifying the best talents for the Board of Directors.

The purpose of this proposal is to develop a new source of nomination and to ensure that candidates with different decision-making perspectives can join the Board by reserving them two seats, provided selection criteria are met.

Such a process is currently used by the Fonds de solidarité FTQ and helps achieve the objectives of this proposal.

The Bank's Recommendation

Pursuant to the Bank's Governance Policy, the HR Committee is responsible for implementing a selection process that will ensure the optimal composition of the Bank's Board of Directors (the Board). To fulfill this mandate, the HR Committee considers the skills and abilities that are required by the Board as a whole: the individual assessment process, which takes into account the integrity, diversity, skills, abilities and experience of each candidate, also allows the HR Committee to ascertain complementarity with the current Board members and with other candidates. The various nominations in the last 18 months have been made in accordance with these principles.

The Bank considers Board diversity as a key aspect of its ability to preserve a competitive advantage. When identifying suitable candidates for appointment, the HR Committee analyzes each candidate's merits on the basis of objective criteria, while keeping in mind the principles set out in the Board Diversity Policy. This policy is included in the appendix section of the Bank's Governance Policy, which is available electronically on the Bank's Website.

The Board continuously ensures that the best practices are implemented. The Bank's current director nomination process is based on objective and detailed criteria, and has been successful in nominating diverse and highly skilled candidates for appointment to its Board. Due to the effectiveness of the process currently in place, the Board is of the opinion that it should be maintained.

Consequently, the Board of Directors considers that it is neither advisable nor desirable to adopt this proposal, and recommends voting AGAINST the proposal.

PROPOSAL 2 - Commitment Towards Decarbonation

It is proposed that the Bank publishes, on an annual basis, a short report that will allow its shareholders to assess its exposure to climate risk and its contribution to the transition to a low-carbon economy. TCFD recommendations should be the basis of this disclosure effort.

Arguments

Delivering a speech during a conference in Montreal, Bank of Canada Deputy Governor, Timothy Lane, asserted that climate changes will turn the Canadian economy upside down. According to him: "Adapting to a lower-carbon economy will likely mean more profound structural changes for Canada than for many other countries. Canada is an important producer of fossil fuels. Our manufacturing sector is closely linked to energy-notably our automotive and aerospace industries."

We think the Bank, like the other Canadian banks, has to play an important role in this decarbonation effort.

Inspired by the Task Force on Climate-related Financial Disclosures (TCFD), we are proposing that the Bank discloses annually:

- Its short, medium and long-term commitments on the subject, with the related results; and
- Its reflexion on the different scenarios considered to assess the impacts of climate changes on its operations, and the actions taken to mitigate those impacts.

Climate and environmental issues are increasingly at the heart of an organization's governance. This disclosure should also address the means put in place by the Board of Directors to integrate environmental and social factors into its governance.

The Bank's Recommendation

The Bank is committed to reducing its environmental footprint and is pursuing concrete decarbonation initiatives. A report on the Bank's social responsibility has been published annually since 2007. It contains an overview of the Bank's practices aimed at reducing its environmental footprint, among other things. The report is available electronically on the Bank's Website, in keeping with the Bank's commitment towards the protection of the natural environment.

In addition to being engaged in the digital transformation of its operations, the Bank carries out several projects that contribute to the reduction of carbon emissions, most notably:

- Our B2B Bank subsidiary supports clean energy through its partnership with Bullfrog Power. Since 2015, B2B Bank has bullfrogpowered its entire operations with clean, renewable electricity. Bullfrog Power's generators put renewable electricity back onto the grid on B2B Bank's behalf to match the amount of electricity used by its location. Since joining the bullfrogpowered community, B2B Bank has displaced more than 395 tons of CO_2. This is the equivalent of taking 83 cars off the road for one year or diverting more than 125 tons of waste from a landfill. This is also the same amount of CO_2 emissions produced by the consumption of 168,250 litres of gasoline.
- The Bank also announced the relocation of its Montreal corporate offices to a LEED silver certified building in 2018. This will reduce energy costs and facilitate access to transit facilities. This building has a parking lot with spaces reserved for hybrid cars and bicycles.

Moreover, the Bank's actions translate into responsible business practices. Of particular note is the assessment of risk in the Bank's standard risk assessment process for all credit activities, save a few exceptions. For the purpose of identifying levels of potential risk, industries are grouped into three categories: high-risk, special risk, and low-risk.

The Bank formed a team of experts dedicated to energy and infrastructure projects, to adequately support businesses interested in pursuing renewable energy projects. In 2017, 38% of loans granted for renewable energy projects were for solar energy projects, while 29% were for wind power projects and 33% for hydroelectricity projects.

Consequently, the Board of Directors considers that it is neither advisable nor desirable to adopt this proposal, and recommends voting AGAINST the proposal.

PROPOSAL 3 - Certification of Sound Commercial Practices Related to the Selling of Financial Products and Services

It is proposed that the Bank's Board of Directors require from its senior officers a written statement on the respect of loyalty, integrity and honesty principles when dealing with customers, as well as disciplinary actions in the event of a false statement.

Arguments

In 2017, the Canadian Broadcasting Corporation received nearly 1,000 emails from employees of the Royal Bank of Canada, the Bank of Montreal, the Canadian Imperial Bank of Commerce, the Toronto-Dominion Bank and the Bank of Nova Scotia all over Canada, who shared the pressure they are under to achieve sales targets and the excessive supervision they receive. This led the Financial Consumer Agency of Canada (FCAC) to launch a process to review the business practices of financial institutions. The House of Commons Standing Committee on Finance also held hearings on this topic last June.

Other than damaging the reputation of our banks, these revelations have an impact on share value, as it was the case for TD Bank, when its share lost more than 5.5% at the time of disclosure.

Bank shareholders and their stakeholders are expecting the institutions to uphold loyalty, integrity and honesty principles in their dealings with clients, and to take all necessary measures to control the risks of non-compliance with those principles.

Based on the certification signed by senior officers to attest the reliability of financial information, this statement would provide Bank shareholders and clients with the assurance that policies used to sell products and services comply with loyalty, integrity and honesty principles, that different controls provide reasonable assurance of that compliance, and that disciplinary actions are planned to deal with unacceptable behaviours in relation to those principles.

Also, sanctions should be imposed to officers who signed the statement and are making false or misleading statements.

The Bank's Recommendation

One of the Bank's main objectives is to uphold its reputation, the cornerstone upon which the trust of its clientele is built. As a socially responsible company, the Bank operates under the highest ethical standards. Thus, not only does it expect its directors and senior executives to act with honesty, integrity and the highest standards of service, it also sets guidelines, rules, and practices to ensure that they do so.

The Bank's values, integrity in particular, guide its actions and define its expectations for ethical behaviour and decisions. In this regard, the Bank adopted a code of ethics for employees and a code of conduct for Directors, which incorporates that of its employees. Each employee and director must annually commit to these codes by signing a copy. The complete version of these two documents are available on the SEDAR Website. Each year, employees are evaluated based on several criteria related to their function, including professional behaviours, compliance, and operational quality, to ensure that sound commercial practices are respected, questionable behaviours are monitored, and sanctions are applied, according to circumstances.

In addition, to ensure the compliance of its sales practices, the Bank implemented monitoring procedures to identify problems that may arise. Employees and clients are invited to report, through objective and confidential complaint management mechanisms, any behaviour that appears to be questionable or inappropriate.

Consequently, the Board of Directors considers that it is neither advisable nor desirable to adopt this proposal, and recommends voting AGAINST the proposal.

PROPOSAL 4 - Equity Ratio Disclosure

It is proposed that the Bank disclose the equity ratio used by the Compensation Committee to set compensation.

Arguments

Since its creation, MÉDAC is presenting propositions aimed at giving shareholders the assurance that the compensation of the Bank's President and Chief Executive Officer is reasonable, socially acceptable and based on the value he or she creates. The equity ratio - the difference between CEO total compensation and employee median earnings - is one of the tools used by shareholders to know if this objective is met. Our requests and the possibility of mandatory disclosure of the information in the United States led the six major Canadian banks to ask Meridian, a compensation firm, to examine their compensation-setting practices, which include peer compensation comparisons of different companies. While the conclusion of the examination supported the continued use of the comparison method, Meridian noted that the equity ratio would help form an even more reasoned judgment on the appropriateness of senior executive compensation.

Since it is reasonable to assume that the equity ratio is one of the elements used by the Bank's Compensation Committee to set the compensation of its CEO and senior executives, we are asking the Board of Directors to disclose this information in the next management circular. Like the information available to judge whether the compensation of the CEO and his or her key associates is aligned with our financial interests, the equity ratio information would enable shareholders to see if the compensation of employees, who also contribute to organization performance, is evolving the same way. It would also allow them to see if the compensation of its executive team is socially acceptable and has no negative impact on reputation.

The Bank's Recommendation

The Bank considers different factors when analyzing senior executive compensation. It weighs responsibility levels assigned to each position, the description of tasks, and market compensation, according to performance, demonstrated skills and individual contributions. The Bank also adjusts market data by size relative to peers, to leverage a comprehensive approach centered on the understanding and the interpretation of data beyond a single ratio. This comprehensive approach focuses on meeting the following objectives:

- attract and retain competent and motivated employees and executives;
- establish competitive compensation related to the Bank's performance; and
- adhere to sound compensation practices in terms of internal/external equity and prudent risk management.

It is also important to mention that this approach is consistent with the spirit of the proposal, as it allows the Bank to factor in the internal relativity between the various job levels. In addition, the Board ensures that existing policies and programs are competitive for both employees and senior executives.

As provided for in the Governance Policy, shareholders vote annually on a resolution about the compensation of senior executives at the Bank. While this advisory resolution is not binding upon the Board, voting results are considered when deliberating about senior executive compensation.

Finally, the Board is consulting shareholders to gain a better understanding of their concerns, which consultation, coupled with its comprehensive assessment:

- provides for fair wage policies for employees, including senior executives;
- constantly promotes, through compensation programs, the alignment of employee and senior executives' interests with those of shareholders; and
- promotes transparency in compensation management.

The Bank prefers to secure the quality of its compensation practices rather than focus on a ratio that, when taken out of context, could focus all discussions on a single number while other considerations are more relevant.

Consequently, the Board of Directors considers that it is neither advisable nor desirable to adopt this proposal, and recommends voting AGAINST the proposal.

SCHEDULE B

STOCK OPTION PURCHASE PLAN

Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries

Shares Subject to the Plan - The shares which may be issued when options granted pursuant to the plan are exercised are voting common shares of the Laurentian Bank of Canada ("shares"). Laurentian Bank of Canada shareholders determined that the maximum number of shares that could be issued pursuant to the plan would be 1,600,000. A beneficiary will not benefit from the rights of a Bank shareholder with respect to the shares subject to the options before he/she becomes the registered holder of these shares.

Eligibility - All members of the Bank's Management Committee are eligible, as well as any other employee designated by the Human Resources and Corporate Governance Committee (the "Committee").

Grants - From time to time, the Committee designates those who may receive grants from among the eligible members of Management. The Committee determines the number of underlying shares, as well as the grant's effective date. Each grant carries an option to purchase a given number of shares ("option"). The number of shares is established in relation with the market value and the base salary of the beneficiary, as determined by the Committee. Each grant is witnessed by a letter addressed to the beneficiary who may hold more than one grant at any time. The grants are made at the Committee's discretion. Generally, the Committee does not grant stock option shares to members of the Bank's Management Committee or any other employee. However, the Committee may make special grants at any time under circumstances it deems appropriate.

Subscription Price - The subscription price of each share which may be purchased at the exercise of the option ("subscription price") is determined by the Committee for each grant but may not be less than 100% of the market value at the time of the grant. For the purposes of the plan, the words "market value" mean the arithmetic average of the weighted average trading prices of the share on the Toronto Stock Exchange for the five days preceding the grant.

Exercise of the Option - Each option granted pursuant to an annual grant may be exercised in the following manner: no share subject to the option may be subscribed before the first anniversary of the grant date; not more than 25% of the total number of shares subject to the option may be subscribed before the second anniversary of the grant date; not more than 50% of the total number of shares subject to the option may be subscribed before the third anniversary of the grant date; not more than 75% of the total number of shares subject to the option may be subscribed before the fourth anniversary of the grant date; and all shares subject to the option which have not been subscribed by the fourth anniversary of the grant date may be subscribed at any time thereafter, but not later than the earlier of the expiry date of the option as determined by the Committee or the tenth anniversary of the grant. The Committee determines the manner in which options granted pursuant to a special grant may be exercised.

Length of the Option - Each option is effective for a period determined by the Committee, which may not exceed 10 years after the grant date, subject to the following conditions: (a) during the employment of the beneficiary, the latter may exercise his/her options at the frequency and during the periods determined by the present plan or by the Committee; (b) in case of the death of the beneficiary, any grant ends at the expiration date initially determined or 12 months after the death of the beneficiary, whichever comes first. Within this period, the beneficiary's estate may exercise the options that were vested at the time of the beneficiary's death; (c) upon retirement, the beneficiary may exercise all options as they vest, up until the earlier of December 31 of the third year following the year of retirement or the expiration of the grant as established by the Committee; (d) if the beneficiary ceases to be employed by the Bank for any reason other than death or retirement, vested options expire 30 days after the date the beneficiary ceases to be employed by the Bank; (e) at its discretion, the Committee may allow all options to be exercised (even if these options are not vested) and postpone the deadline for the exercise of options mentioned in paragraphs (b), (c) and (d) as long as this date is not later than the option's expiry date; (f) subject to the approval of the beneficiary, the Committee may cancel a grant for which the options have not been exercised. The beneficiary loses any right conferred by the option if these rights have not been exercised before the option's expiry date. All shares that have been subject to options that were cancelled or have expired may be granted again.

Change of Control - In the event of a change of control of the Bank resulting from a reorganization, merger, restructuring, transfer, sale or other transformation, all options will be deemed to have vested as of the date of the change of control. However, the present provision does not apply if the beneficiary's employment is terminated for cause.

Changes in Share Capital - If changes occur in the number of issued common voting shares of the category contemplated by the plan following a dividend paid in shares, a share split, a recapitalization, a merger, a consolidation or regrouping, or an exchange of shares or any other similar modification in the structure of the Bank, the Committee will equitably readjust the options granted pursuant to the plan and, if needed, of the subscription price of the shares. These adjustments will be final and mandatory for the purposes of the plan.

Privatization - If the Bank's shares cease to be publicly traded on an exchange - notably because all the shares would be owned by a sole owner - all options will be deemed to have vested at the date of the privatization. This does not apply however when the Bank's shares are exchanged for the shares of a holding company or those of another company.

SCHEDULE C

CODE OF PROCEDURE

1. Application

This Code shall govern the conduct of annual and special meetings of shareholders of Laurentian Bank of Canada (the "Bank"). It is a complement to the provisions of the *Bank Act* (Canada) (the "Act"), of the regulations or guidelines thereunder, and of the Bank's General By-Laws. In case of conflict, the Act or the regulations shall prevail.

2. Role of the Chairman

The Chair of the meeting shall preside over its deliberations and ensure its orderly conduct. The Chair has all powers necessary to ensure that the meeting is able to effectively conduct the business for which it was called. To this end, the Chair shall interpret this Code and his/her decisions shall be without appeal. Whether or not a shareholder, everyone attending the meeting must comply with the Chair's instructions.

3. Expression of Resolutions

Except in cases where a special resolution is required, the meeting shall proceed by way of resolutions approved by a majority of the votes cast. These proposals must be moved by a shareholder and seconded, except for a proposal set out in the Circular.

4. Right to Speak

Every shareholder has the right to address the meeting. A shareholder wishing to exercise this right shall ask the Chair for the floor.

5. Speaking Time

Except as provided otherwise in this Code, no shareholder may speak for more than five minutes at a time. However, the Chair may allow a longer speaking time in exceptional circumstances.

6. Pertinence and Good Order

A shareholder who has the floor must speak to the matter before the meeting. Shareholders addressing the meeting must speak soberly and avoid language that is violent, insulting or injurious to anyone. The Chair may direct a shareholder to keep to the matter under discussion or to comply with this standard of conduct. Failing compliance, the Chair may deprive the shareholder of the floor.

7. Shareholder Proposal

The shareholder who, under the Act, submitted notice of a proposal set out in the Circular is entitled to speak first when the proposal comes before the meeting. This shareholder must formally move for the adoption of the proposal at the beginning or end of his or her presentation and may speak for a maximum of 10 minutes. At the end of the debate, the mover has a three-minute right of reply.

8. Debate on a Shareholder Proposal

Every shareholder is entitled to speak during a debate on a shareholder proposal, but only once. The representative of management may speak as often as he/she deems appropriate, but for no more than 10 minutes for his/her main speaking time, and no more than two minutes for other remarks.

9. Amendment of a Shareholder Proposal

A shareholder proposal may not be amended, except with the consent of the mover and the permission of the Chair.

10. General Matters

In the period open to shareholder questions, any shareholder may address a question to management, state an opinion or raise a matter of general interest to the Bank. Such a question or remark may be the object of a supplementary question or brief reply, but it may not give rise to a debate.

SCHEDULE D

BOARD MANDATE

In accordance with the *Bank Act* (Canada) (the "Bank Act"), the Board of Directors supervises the management of the Bank to ensure its profitability and development. The Board delegates the day-to-day management of the Bank's activities to Management.

As part of its general responsibility of supervising the management of the Bank, and in addition to carrying out its statutory obligations, the Board of Directors exercises the following functions directly or through its committees:

1. Strategic Functions

    a. Adopt a strategic planning process.
    b. Approve the strategic plan proposed by Management, question the underlying assumptions and principles, evaluate it periodically taking opportunities and risk into account, follow up on its implementation, and encourage Management to make changes thereto when required.
    c. Approve the annual budget, including the budget and resources of oversight functions as well as business plans, and follow up on their implementation.
    d. Periodically review the organizational structure.
    e. Approve important transactions outside the ordinary course of business and significant changes in orientation or strategy.
    f. Adopt a dividend policy.

2. Human Resources Management Functions

    a. Appoint or dismiss the President and Chief Executive Officer.
    b. Develop a clear job description for the President and Chief Executive Officer.
    c. Approve appointments to senior management positions.
    d. Establish the objectives, evaluate the performance and determine the compensation of the President and Chief Executive Officer.
    e. Approve the setting of the objectives for the other members of senior management, their evaluation and their compensation.
    f. Approve an overall compensation framework (including, among other things, incentive compensation and pension plans) for all officers and employees.
    g. Establish a succession plan for senior management, particularly for the President and Chief Executive Officer.
    h. Ensure that the President and Chief Executive Officer and other members of senior management demonstrate and create a culture of integrity throughout the Bank.

3. Oversight Functions

    a. Identify the business's principal risks and ensure the implementation of systems capable of managing them appropriately.
    b. Approve material framework, plans and policies, particularly those regarding risk identification and management.
    c. Oversee the integrity and quality of financial statements and approve them.
    d. Ensure that compliance rules are respected.
    e. Ensure the integrity and effectiveness of internal control and management information systems.
    f. Recommend the appointment of the external auditor to shareholders, ensure its competence, independence, the adequacy of its resources, and approve its mission.
    g. Approve the selection of officers in charge of internal oversight functions (internal auditor, risk management and regulatory risk management), and ensure their competence, independence, and the adequacy of their resources.
    h. Approve the subsidiaries' Board of Directors' structures.
    i. Ensure that Management adequately manages the risks related to the pension plans offered to employees.
    j. Meet with regulatory authorities, discuss their findings and recommendations, and follow up on them.

4. Corporate Governance Functions

    a. Adopt applicable corporate governance rules.
    b. Review the Board's membership, compensation and size.
    c. Ensure the recruitment of new Board members to be submitted for election by shareholders and see to their orientation and integration.
    d. Ensure the coordination of an assessment process on the effectiveness of the Board and its committees.
    e. Develop clear job descriptions for the Chair of the Board and the Chair of each Committee.
    f. Approve criteria to evaluate the independence of Board members.
    g. Establish rules concerning membership on other boards and ensure that no more than two directors sit on the Board of Directors of the same public issuer, unless authorized by the Chair of the Board.
    h. Adopt a Code of Conduct for Board members and ensure compliance.
    i. Ensure ongoing training for Board members.

5. Communication and Disclosure Functions

    a. Approve the measures by which shareholders and other stakeholders can communicate with the Bank.
    b. Approve the financial information disclosure policy and ensure its compliance.
    c. Report to shareholders on the Bank's performance.

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